

F6. The OCD, GBCD, and PCD appear to be well managed and in compliance with the State of California, Department of Consumer Affairs.

## **RECOMMENDATIONS**

- R1. The OCD should adopt the same business practice as PCD and GBCD in regard to the adjustment of under quoted fees.
- R2. The OCD should adopt the same interment fee adjustment as PCD and GBCD, for burials done the day after a holiday.
- R3. The OCD and PCD charge for a death occurring outside of the District should be eliminated, when all of the costs have been pre-paid.
- R4. The PCD and the OCD should adopt the GBCD approach for youth education and the control of vandalism.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Gridley-Biggs Cemetery District

Oroville Cemetery District

Paradise Cemetery District

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.
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**BUTTE COUNTY GRAND JURY REPORT 2008/2009**  
**BUTTE COUNTY CLERK - RECORDER/REGISTRAR OF VOTERS**

**SUMMARY**

The 2008/2009 Grand Jury visited the Clerk-Recorder's Office to observe its functions. The department is organized into two divisions, Clerk-Recorder and Elections. Each of these divisions has a distinct and unique legal mandate, yet they coordinate resources and cross-train. For example, the Clerk-Recorder's Office assists in elections by entering voter registration cards as they are received.

The County Recorder is charged with protection of public property, which includes the recording of real property transactions, financial statements, births, deaths, maps, and mortgages. Fees are collected for the County, cities, and state agencies. Records are kept on microfilm and open to the public, except for documents that are legally protected. Records and legal documents date back as far as 1850. The protection of these documents, in order to keep a history of the County, is a specific goal of the Division. The Grand Jury agrees the restoration of historical documents should continue.

The Election Division is responsible for all aspects of the election process, including the registry of all eligible Butte County voters, education of voters on the use of voting machines, and training of precinct officers and temporary election employees. The Division is also responsible for providing absentee ballots.

We commend the Department for the accuracy with which they perform numerous vital functions.

**BACKGROUND**

During election years, the Grand Jury serves an additional role as the Logic and Accuracy Board (Appendix A) for elections. In this capacity, panel members initiated a visit to the Clerk-Recorder's Office. The Grand Jury toured both divisions. In the Election Division, the Grand Jury became familiar with voting machines used in the election process, and was escorted on a tour of the Clerk-Recorder Division where the panel viewed the restored maps and documents, and observed the Department's every day functions.

**APPROACH**

There were many discussions with the Clerk-Recorder and several of her staff. Some of the panel members toured facilities which included: areas where ballots are counted, the warehouse where voting machines and historical County records are stored, and the Nelson Avenue ballot management facility. The Logic and Accuracy Board tested the different types of voting machines prior to the election. On election night that board watched and helped with vote counting and observed the official canvass of votes several weeks later.

## **DISCUSSION**

In viewing historical records, which are part of the Clerk-Recorder Division, the Grand Jury learned that many County records have not yet been restored. Those records not restored, are housed in the same warehouse with the electronic voting machines. They are in a protected location with security cameras and double locks. As time allows, records will be de-acidified and restored.

Four members of the Grand Jury were appointed to serve as the Logic and Accuracy Board for the 2008 general election. The Board's function was to perform random testing of voting and counting equipment used during the election. The Board determined that the machines functioned accurately. In addition, the Board helped with and observed the ballot counting on election night, and during the official canvass.

Election security involved surveillance cameras, chain of custody logs and tamper proof seals to track all voting equipment and ballots. Enough touch screen voting machines for the entire County were purchased through funds from the Help America Vote Act of 2002 (HAVA). In 2008, by state mandate, only one touch screen voting machine was allowed per precinct. All other ballots were paper. This has resulted in a sharp rise in the cost of the elections (See Appendix B).

Absentee ballots were scanned and signature images were evaluated to prevent fraud. Paper ballots were hand fed, one by one, into counting machines. Touch screen ballot counts were uploaded in the same area, and included in the count. Absentee ballots had been counted the day before. At the official canvass, disputed ballots, absentee ballots turned in on Election Day, and those that had to be hand counted, were completed. The election was then certified.

## **FINDINGS**

- F1. County records and historical document restoration is an ongoing process.
- F2. Ballot counting machines have to be individually hand fed, which is a slow and tedious process.
- F3. Two additional facilities must be leased in order to accommodate the volume of machines and paperwork, as the current main facility is not large enough to house all of the components for an election.
- F4. Returning to paper ballots costs the County approximately \$35,000 in the 2008 election (Appendix B).

## **RECOMMENDATIONS**

- R1. Restoration of historical documents should be continued to preserve the history of Butte County.
- R2. Purchase updated counting machines for paper ballots as they become certified by the State of California.
- R3. All election materials and County records should be consolidated at a single facility to affect cost savings.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Clerk-Recorder

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

## **APPENDIX A**

Logic and Accuracy Board Description

## **APPENDIX B**

Election Cost Comparison Chart



## APPENDIX A

### Election Observer Panel

#### I. Purpose

The Election Observer Panel and Logic & Accuracy Board are combined into a single panel serving both functions. Pursuant to Sections 4.5.3 & 4.7 of the "Procedures Required For Use Of The Premier Election Solutions, Inc. Voting Systems", the purpose of the panel is to observe all procedures of the ballot count process, verify that the program accurately tallies the logic and accuracy test ballot cards, assist in ensuring the integrity of the election process, encourage participation and build voter confidence in the election process.

#### II. Invitation

At roughly E-29, requests for appointment is made by phone or email to the Butte County Grand Jury. Three members of the Butte County Grand Jury are appointed by the County Clerk-Recorder/Registrar of Voters to serve on the Logic & Accuracy Board.

#### III. Duties, General Rules of Conduct, Ground Rules

Panelists are responsible for:

##### 1. The duties set forth below:

- Receive from elections official all test materials.
- Take steps to ensure the security of the said materials before, during and subsequent to the election, except when said materials are properly in the possession of the elections official.
- Observes the performance of all required tests and performs a random logic and accuracy test.
- Verify that the ballot counting program accurately tallies the logic and accuracy test ballot cards.
- Note any discrepancies and problems and affirms their resolution or correction.
- Certify to the performance of each of the above prescribed duties.
- Sign the appropriate certificates.
- Wear an identification badge.
- Must be courteous and maintain a professional manner while observing the election processes.

##### 2. Panelists may:

- Make notes and watch all procedures.
- View all activities at the central counting site.
- View the canvass of the vote activities following the election.
- View vote by mail and provisional ballot processing.
- Ask questions of supervisors at the central counting site.

##### 3. Panelists may not:

- Interfere in any way with the conduct of the election.
- Touch any voting materials or equipment or sit at the official worktables unless directed.
- Converse with voters (within 100 feet of the entrance to a polling place or elections office or warehouse) regarding the casting of a vote, or speak to a voter regarding his or her qualifications to vote.
- Display any election material or wear campaign badges, buttons or apparel.
- Wear the uniform of a peace officer, a private guard, or security personnel.
- Use cellular phones, pagers, or two-way radios within 100 feet of the entrance to polling place or elections office or warehouse.

#### IV. Orientation and Pre-Election, Pre-Tabulation and Post Election Test Observation and Verification

The Logic & Accuracy Board meets in the Butte County Elections Office roughly ten - twelve days prior to the election for an orientation/overview of the ballot count process and to perform and verify the logic and accuracy tests.

On Election Night the Logic & Accuracy Board observes the ballot count process and remains throughout the evening until all ballots are counted.

During the official canvass the Board will return to observe ballot count process of updated results.

**APPENDIX B**

**Election Costs Comparison  
Butte County Elections**

Cost Category	Nov. 04	Jun-06	Nov. 06	Feb. 08	Jun-08	Nov. 08
<b>Ballot Types</b>						
Voter Registration	123,318	115,855	116,659	119,131	115,144	122,842
Ballot Types	33	14	47	7	9	31
<b>Contests</b>						
Contests On Ballot	69	75	75	14	56	71
Contests Off Ballot	48	113	62	14	13	38
Contests Off Ballot	21		13	0	43	33
<b>Ballot Costs</b>						
Vendor Name						
VEM / Absentee - Unit & Cost	269,550	\$33,988.14	73,130	117,970	95,650	98,540
Polling Places - Unit & Cost	359,400	0	0	88,370	56,390	56,760
Test - Unit & Cost	17,400	\$2,729.43	5,871	5,432	3,641	2,053
Duplicate - Unit & Cost	n/a	n/a	n/a	33,560	27,400	7,480
Cost per ballot	\$645,350	\$59,551.23	79,007	211,772	185,071	157,352
Simple Ballot Booklets	\$76,294.00	\$102,275.17	\$103,176.43	\$78,168.83	\$78,456.66	\$88,900.55
Cost per booklet	\$0.6649	\$0.7454	\$0.8915	\$0.5047	\$0.4991	\$0.5117
Per Officer / Polling Place	\$126,966.47	\$115,431.67	\$104,176.01	\$237,058.22	\$150,165.41	\$188,658.38
Per Officer Labor	183	\$51,675.44	\$67,171.71	\$73,757.82	\$62,920.81	\$92,131.40
Per. Total / Cost per pct.	135	\$744.72	\$595.29	152	148	159
Per. Boards / Cost per brd.	135	\$801.35	130	127	148	130
Total Election Cost	\$645,804.40	\$804,366.94	\$812,106.85	\$981,362.33	\$719,138.64	\$895,379.56
<b>Premier Election Solutions</b>						
Optical Scan Central Count Units	\$9,995.00	\$35,980.00				
Extended Warranty	\$200.00	\$800.00				
Yrly. Maint., Software Licence Fee per year	\$50.00	\$200.00				
<b>Premier Election Solutions</b>						
Accu Vote Optical Scan Units	\$3,497.12	\$48,959.63				
Extended Warranty	\$220.00	\$3,090.00				
Optical Scan Memory Cards	\$85.00	\$12,325.00				
Yrly. Maint., Software Licence Fee per year	\$10.00	\$140.00				
<b>Premier Election Solutions</b>						
Extended Warranty, TS Units	\$75.00	\$45,000.00				
Storage Carts, TS Units	\$385.00	\$57,750.00				
Tabulation Software (GEMS)	\$135.00	\$80,790.00				
Screen Memory Cards	\$3,950.50	\$2,194,740.00				
Touch Cards & Creation Devices		\$13,500.00				
Yrly. Maint., GEMS Software	\$5.00	\$3,000.00				
Yrly. Maint., Key Card Tool Software	\$900.00	\$900.00				
Yrly. Maint., Software Licence Fee per year, TS Units	\$70.00	\$11,200.00				
Yrly. Maint., VCP Programmer Software		\$2,886,870.00				
Yrly. Maint., Voter Cards & Creation Devices		\$0.00				
<b>Premier Election Solutions</b>						
High Speed Central Count Unit	\$50,500.00					
THIS UNIT HAS NOT BEEN CERTIFIED BY THE FEDERAL AND STATE GOVERNMENT						

# APPENDIX B

## Election Costs Comparison

Cost Category	November-04	June-06	November-06	February-08	June-08	November-08
<b>Butte County Elections</b>						
<b>Labor</b>						
Regular	\$216,608.37	\$222,285.03	\$367,084.46	\$273,757.94	\$186,445.65	\$194,207.34
Extra	\$100,908.23	\$89,700.80	\$89,886.02	\$96,211.82	\$85,606.10	\$85,396.34
Election Day Workers' Payroll	\$804.73	\$223.68	\$90.00	\$157.50	\$1,243.76	\$1,896.38
Sub Total	\$318,321.33	\$292,215.31	\$457,040.48	\$370,127.26	\$245,195.51	\$281,507.06
<b>Absentee Expenses</b>						
VBM Ballot	\$35,873.34	\$53,551.23	\$36,727.55	\$53,755.15	\$37,730.58	\$42,286.58
VBM Mailing	\$3,005.08	\$3,790.69	\$14,446.09	\$30,780.01	\$30,686.48	\$21,000.72
VBM Supplies	\$17,188.77	\$14,247.03	\$2,869.88	\$4,136.10	\$554.22	\$17,403.23
Other General	\$18,834.57	\$41,471.46	\$497.19	\$8,332.36	\$23,759.05	\$24,430.41
Sub Total	\$75,001.76	\$113,060.41	\$54,542.70	\$97,055.62	\$82,732.33	\$105,120.94
<b>Precinct Officer &amp; Polling Place Expenses</b>						
Precinct Officers' Payroll	\$55,086.07	\$61,675.44	\$67,171.71	\$73,757.82	\$82,820.81	\$82,131.40
Prct Officers' Training & Materials	\$908.69	\$323.26	\$1,259.83	\$12,691.07	\$4,869.94	\$22,826.34
Prct Officers' Training (HAVA)		\$4,951.62		\$56,239.00		\$17,983.16
Precinct Supplies	\$10,405.02	\$36,187.81	\$26,893.04	\$44,212.78	\$46,166.12	\$27,070.59
Polling Place Ballots	\$44,930.64	\$0.00	\$0.00	\$36,494.86	\$22,184.40	\$23,860.37
Polling Place Expenses	\$15,638.05	\$12,293.54	\$9,051.43	\$11,751.69	\$11,904.04	\$4,694.52
Sub Total	\$126,965.47	\$115,431.67	\$104,175.01	\$237,059.22	\$180,165.41	\$188,568.38
<b>Other Election Related Expenses</b>						
Sample Ballot Booklet	\$76,294.90	\$102,275.17	\$103,176.43	\$78,158.83	\$78,456.66	\$88,900.55
Booklet mailing	\$3,962.32	\$7,791.47	\$7,884.04	\$29,770.97	\$25,487.12	\$26,120.75
Other General	\$45,256.62	\$170,263.71	\$105,286.89	\$146,910.15	\$110,634.54	\$120,168.28
Optical Scanner & Maintenance (HAVA)		\$3,331.20		\$22,281.28	\$16,567.27	\$15,000.00
Sub Total	\$125,512.84	\$283,661.55	\$216,347.36	\$277,121.24	\$231,045.59	\$250,189.58
<b>Total Actual Costs</b>	\$645,804.40	\$804,366.94	\$812,106.55	\$981,352.33	\$719,136.84	\$835,379.56
<b>Costs Billied Out to Entities &amp; State</b>	\$443,818.37	\$47,037.70	\$570,588.66	\$954,763.95	\$652.49	\$458,933.85
<b>Costs covered by HAVA</b>	\$201,986.09	\$8,282.82	\$301,517.89	\$22,281.28	\$16,897.27	\$32,983.16
<b>Bill Out Percentage</b>	68.72%	6.88%	62.87%	99.56%	2.39%	58.89%
<b>Costs of County</b>	\$645,804.40	\$804,366.94	\$812,106.55	\$981,352.33	\$719,136.84	\$835,379.56

\*Premier Contract for training is included in Feb. 08 Elections' bill out cost, whereas the same costs are claimed to HAVA for Nov. 04, Nov. 06 & Nov. 08 Elections.

\*\*Maintenances are included in Feb. 08 & Nov. 08 Elections' actual costs, but will be reimbursed by HAVA.

**BUTTE COUNTY GRAND JURY REPORT 2008/2009  
WILDFIRE & SAFETY CONSIDERATIONS  
FOR BUTTE COUNTY GENERAL PLAN 2030**

**SUMMARY**

The wildfires in the foothills of Butte County during the summer of 2008 were the most severe in recent history. Some of the grim statistics were:

- 60,000 acres burned
- 200 homes lost or heavily damaged
- One fire related death reported
- Injuries to fire personnel

By some miracle, the Humboldt Fire Incident did not cross the West Branch of the Feather River. Had this occurred, property damage could have been huge and thousands of lives could have been threatened in Paradise and the Upper Ridge.

Three of four major evacuation routes south from Paradise, Skyway, Neal and Clark Roads, were closed due to heavy smoke and fire. The fourth evacuation route, Pentz Road, was jammed with single-lane traffic, making the trip from Paradise to Highway 70 nearly three hours long.

Forest Route 171 north of Magalia, currently does not qualify as a viable evacuation route. This route includes ten miles of dirt road between Inskip and Butte Meadows. Even if upgraded as planned, this route will not be classified as an evacuation route. Additional evacuation routes are necessary.

The Grand Jury recommends that affected communities come together to form a Benefit Assessment District to address their safety needs.

While this report focused on the areas affected by the 2008 wildfires, the Grand Jury is equally concerned about other communities in the Butte County foothill areas, including Cohasset, Berry Creek, Forbestown, Forest Ranch, and others.

Butte County is in the process of developing General Plan 2030 to direct the growth of the County for the next two decades. It is imperative that safety considerations be adequately addressed in the referenced General Plan.

**GLOSSARY**

BCGP2030 - Butte County General Plan 2030

BCBS - Butte County Board of Supervisors

BCAG - Butte County Association of Governments

BCOES - Butte County Office of Emergency Services

Upper Ridge - areas above Paradise, including Paradise Pines and Magalia

Benefit Assessment District - A benefit assessment places an annual levy on property that receives a “special benefit” from the assessment.

## **BACKGROUND**

The foothill areas east of Highway 99 in Butte County are especially prone to disastrous wildfires. In the summer of 2008, Butte County experienced one of the worst wildfire seasons in its history. Many citizens lost their homes, and many had a difficult time evacuating from areas under immediate threat of fire.

It is the responsibility of the Butte County government and individual citizens to be prepared, and plan for any action necessary to limit the danger created by wildfires. It is important to incorporate these safety requirements into BCGP2030. The unpredictability, intensity, and locations of the 2008 wildfires near the towns of Magalia, Paradise, Concow, and Forest Ranch emphasized the critical shortcomings of the area’s readiness for extreme fire situations.

The major problems discovered as a result of the 2008 fires were limited evacuation routes and lack of compliance by the public concerning fire prevention regulations.

## **APPROACH**

The Grand Jury reviewed the BCGP2030 and interviewed several Butte County Supervisors, BCAG, Butte County department directors, managers, employees of fire and emergency services departments, and informed, concerned citizens. The Grand Jury concentrated on safety issues, evacuation possibilities in high fire-danger areas, and how the experiences from last year can be incorporated into BCGP2030.

## **DISCUSSION**

Paradise and the Upper Ridge have about 50,000 residents. It is a beautiful place to live with many desirable features such as:

- Clean air
- Secluded forest setting
- Above the fog line
- Nice views
- Light snow in the winter

There are less-desirable safety related features that must be considered when living on the Ridge such as:

- Limited water supply, including emergency water supply
- High population density
- Vast amounts of fire fuel on steep terrain
- Earthquake and flood concerns related to Magalia Dam
- Limited number of emergency evacuation routes

### **Development of a General Plan**

Each county in California is required by the state to develop a general plan for its future growth. Butte County has responded by initiating BCGP2030, which will govern the development of Butte County for the next twenty years. BCGP2030 is being prepared as a comprehensive update by Butte County Development Services, in cooperation with most departments of Butte County, the Citizens Advisory Committee, and individual citizens. Final approval of the plan rests with the BCBS.

There are specific land use requirements for specific unincorporated parts of the County. BCGP2030 is divided into thirty four functional areas called Preferred Land Use Alternatives (PLUA). Each area is being analyzed by many different agencies. In addition, information is being gathered from citizen comments at public meetings.

It is in the opinion of this Grand Jury that there is a need to modify some parts of BCGP2030 to pay specific attention to safety requirements for citizens of Butte County. A moratorium on all multi-home development in fire-prone areas is recommended until all fire safety, traffic, and emergency water supply issues are resolved.

The Upper Ridge currently has approximately 18,000 residents; however there is only one viable southbound evacuation route from Magalia over Magalia Dam. The road over the Dam is one lane in each direction and has width limitations. In the case of an accident on the Dam, traffic would be disrupted. Current building requirements state that a minimum of two exit roads should be provided from any developed area.

### **Summary of Foothill Roads**

As outlined in the road index in Appendix A and Table I below, all roads out of Paradise and the Upper Ridge, with the exception of Skyway below Paradise, have significant constraints, limiting their use as evacuation routes during a major event, especially another event of multiple fires. Even Skyway was closed during the summer 2008 fires due to fire and smoke. Constraints include:

- A single lane per direction
- Moderate to sharp curves
- Inadequate shoulders for parking disabled vehicles
- No surfacing to limited gravel surfacing

Fire hazard areas adjacent to the shoulders, due to dense fire fuel and steep slopes, which increases the fire danger and the possibility of being closed due to fire and or smoke

Even if passable, most of the roads have serious capacity limitations. A convoy of cars traveling bumper to bumper will necessitate all vehicles traveling the speed of the slowest vehicle in front of them. For example, Coutelenc Road has two sharp bends with a speed limit of 20 mph. A vehicle traversing the bends on this road will need to slow to 20 mph and, by chain reaction, all following vehicles on the entire length of the road will be forced to slow to 20 mph. Circumstances that may slow the chain of traffic are: merging traffic, disabled vehicles, and temporary closures to accommodate emergency vehicles. As an example, during the 2008 summer fires, all vehicles exiting Paradise and the Upper Ridge were directed to use Pentz Road, which has a posted speed limit of 40 mph. It took three hours for vehicles to travel from the intersection of Pentz Road and Skyway to Highway 70, a distance of about eleven miles. This is an effective speed of approximately 4 mph.

### **Evacuation Routes from Paradise**

Paradise currently has approximately 30,000 residents. There are four available southbound evacuation routes from Paradise, Skyway, Neal, Clark and Pentz Roads. There are no adequate northbound evacuation routes.

During the Humboldt Fire Incident, Skyway, Neal and Clark Roads were closed to all civilian traffic. This left only Pentz Road available for evacuation, with only one southbound lane being used. It took three hours to travel eleven miles from Paradise to Highway 70. Pentz Road has limited emergency pull off areas for temporarily parking disabled vehicles.

Skyway below Paradise is an existing high capacity road. If the fire fuel was removed in a few areas adjacent to the road between Paradise and Chico, and the grassed median and shoulders were disked in the late spring each year, the availability of this high capacity evacuation route would be improved.

### **Evacuation Routes from the Upper Ridge**

The condition of Skyway between the Magalia Dam and Clark Road is a constraint for vehicles attempting to evacuate the Upper Ridge going south. It should be improved by widening the shoulders and removing adjacent fire fuel.

There is no northbound evacuation route from Magalia, except Forest Road 171, which in some spots is passable by four-wheel drive vehicles only. Forest Road 171 is planned for upgrade starting in 2009. It is planned as a recreational access road only, not an evacuation route. The road is in a high fire-danger area and may not be available to use as an evacuation route. In addition, the road capacity is limited and when completed as proposed, Forest Road 171 will have a speed limit of 25 to 30 mph. A convoy of vehicles trying to evacuate Inskip, Stirling City, and the Upper Ridge on Forest Road 171 will most likely not be able to travel faster than 15 to 20 mph. Thus, the evacuation of 18,000 residents could take up to several hours.

Table 1 Paradise and Upper Ridge Road Index										
	Road	From / To	Conditions							Evacuation Route Potential
			Miles	Lanes (out)	Paving	Shoulders	Curves	Speed (MPH)	Fire Hazard	
<b>Exit Routes From Upper Ridge</b>										
	Forest Highway 171 (current)	Inskip to Butte Meadows	9.6	One	Dirt	none	moderate to sharp	5.-10	High	Not viable
	Forest Highway 171 (future)	Inskip to Butte Meadows	9.6	One	Asphalt	?	moderate	25-30	High	Low
	Humboldt	Butte Meadows to Highway 32	5.3	One	Asphalt	None	sharp to moderate	20	High	Low
	Skyway	Magalia Dam to junction with Clark	1.6	One	Asphalt	none-narrow	moderate	25-30	High	Moderate
	Doe Mill	Skyway near DeSabra to Highway 32 (via Powellton and Garland)	7.2	One	Dirt w/ rocks	none	sharp to moderate	5.-20	High	Moderate
	Centerville / lower Honey Run	Skyway near Nimshew to Chico	17	One	4 mi. gravel/ Asphalt	none	sharp	5.-20	High	Low
	Coutelenc	Skyway (Lovelock) to Skyway (Old Magalia)	7	One	Asphalt	none-narrow	2-sharp	20-30	High	Low to Moderate
	Jordan Hill	Coutelenc to Highway 70	17	One	Dirt	none	sharp	5.-10	High	Not viable
	Concow	Connects Jordan Hill to Highway 70	1	One	Asphalt	none	moderate	25	High	Moderate
<b>Exit routes From Paradise</b>										
	Skyway	Paradise to Chico	10	Two	Asphalt	wide	gentle	55	Low	High
	Honey Run	Skyway to Chico	11	One	Asphalt	none	sharp	15-20	High	Not viable
	Neal	Skyway to Highway 99	8	One	Asphalt	none to narrow	moderate	35	High to Low	Moderate
	Clark	Skyway to Durham Pentz	9.5	One	Asphalt	none to narrow	moderate	45	High to Low	Moderate to high
	Pentz	Skyway to Highway 70	11	One	Asphalt	none to narrow	moderate	45	High to Low	Moderate
	Durham Pentz	Highway 70 to Highway 99	9	One	Asphalt	none to narrow	moderate	50-55	Low	Moderate

Currently, all funds needed to finish Forest Road 171 are not available (See Appendix B). The development of additional evacuation roads, such as Doe Mill or Centerville Roads, should be a part of BCGP2030 (See Appendix A).

The Grand Jury recommends that the County plan for more than one road, suitable for use as an evacuation route, for the Upper Ridge. Possible routes to consider are Doe Mill and Centerville Roads.

### **Emergency Evacuation Plan**

An Emergency Evacuation Plan is a set of instructions and information used by the emergency services support team during a catastrophic event. Currently, there is an Emergency Evacuation Plan for the Upper Ridge. It is very detailed. All other areas need to have similar plans. BCOES should consider creating a synopsis of these plans to be available to fire crews from outside areas.

### **Emergency Broadcast System**

The Butte County Emergency Broadcast System provides taped information for citizens during emergencies. During the wildfires in 2008, this taped message was not updated frequently to match the conditions. More comprehensive, up to date information was available on the Butte County web site. Unfortunately, people without computers only had access to information from taped messages on the emergency radio broadcast. This lack of information could create panic among residents, which complicates the evacuation process.

### **Benefit Assessment District**

A benefit assessment places an annual levy on property that receives a “special benefit” from this assessment. The assessment may be used to pay for services and improvements which confer a benefit; however, the benefit is conferred on real property and not on a person.

There is currently a movement toward development of a Benefit Assessment District to include the areas of Paradise, the Upper Ridge, Concow and Centerville. The Grand Jury endorses this proactive approach.

### **Butte County Fire Code**

Currently, Butte County does not have a Fire Code Ordinance specific to Butte County. The Butte County Fire Marshal is using the California Fire Code.

### **Fire Safety Information**

CAL-FIRE, Butte County Fire Safety Councils, and other organizations publish and distribute pamphlets containing important information regarding: wildfire preparedness, what to do in case of wildfire, maps of possible evacuation routes, gathering locations, and how to obtain current information about wildfire status (See Appendix C). However, none of the members of the 2008/2009 Grand Jury, who live in Paradise and the Upper Ridge, recall receiving or seeing this important information. Printing and distributing these pamphlets on a regular basis are costly, and without guarantee that they will reach all citizens and newcomers to Butte County.

The pamphlets could easily be lost in other similar looking mail and not attain needed attention by all citizens. The Grand Jury believes that this information should be updated regularly and incorporated into documents distributed to residents on an annual basis such as in property assessments or phone books.

### **Housing Concentration in Foothill Areas**

BCGP2030 designates several areas in the foothills for increased development. Prior to increasing the number of residents at risk, measures should be taken to adequately plan for emergencies.

For example, BCGP2030 forecasts 3,400 additional units or approximately 15,000 people in foothill fire-prone areas. It designates a housing development consisting of 330 houses in PLUA13. The current design will place most of these homes directly on the canyon rim. In case of fire, this will increase the degree of danger for its residents. In an emergency, all residents of this development will have to evacuate by entering onto Pentz Road. Consideration of the increased evacuation requirements and fire safety should be met before the start of this development.

### **Other Butte County Foothill Communities**

This report discusses the problems associated with the 2008 wildfires that affected Paradise and the Upper Ridge. Other communities within Butte County, such as Cohasset, Forest Ranch, Berry Creek, Concow, and Forbestown are located in high fire-danger areas with limited road exits and could be similarly affected. Accordingly, the Grand Jury recommends that the BCGP2030 also address fire safety in all Butte County foothill communities.

## **FINDINGS**

- F1. The draft General Plan 2030 does not adequately address all fire and safety issues in the foothill areas of Butte County.
- F2. At present, there is only one major evacuation route south from the Upper Ridge and no viable routes north. There is a need for an additional evacuation route from Magalia and Paradise. The upgrade of Forest Road 171, classified as a recreational access road, is not fully funded, and even after completion, will not be sufficient as an evacuation route.
- F3. Skyway from Paradise to Chico could be upgraded and used in specific situations as an evacuation route.
- F4. With the exception of Skyway, evacuation routes do not have adequate shoulders for temporarily parking disabled vehicles.
- F5. An Emergency Evacuation Plan has been developed for the Upper Ridge (Magalia and Paradise Pines) only.
- F6. The development of new housing in fire-prone areas of the foothills is ongoing.

- F7. Butte County does not have a County Fire Code Ordinance specific to Butte County conditions.
- F8. During the recent wildfires, information on the County Emergency Broadcast System was often several hours old. Therefore, it did not provide timely information about the evacuation and fire status and locations.
- F9. Adequate funding is not in place for foothill evacuation routes. There is currently a movement toward development of a Benefit Assessment District to include the areas of Paradise, the Upper Ridge, Concow, and Centerville.
- F10. Fire safety information, about emergency evacuation routes and fire preparedness, is not reaching the public for whom it was intended.

## **RECOMMENDATIONS**

- R1. BCGP2030 needs to address emergency evacuation routes and fire preparedness for the foothill areas of Butte County.
- R2. Review the limitations of Forest Road 171 such as traffic speeds, volume of cars, and fire prone area and consider other feasible evacuation routes. Additional roads for evacuation of the Upper Ridge, such as Doe Mill Road, should be investigated.
- R3. Consider immediate modification of Skyway, from Paradise to Chico, as an emergency evacuation route, by removing trees and brush and creating fire barriers on both sides of the road.
- R4. BCGP2030 should address how to handle disabled vehicles on emergency evacuation routes and the use of both traffic lanes for evacuation.
- R5. Address the need for creation of Emergency Evacuation Plans for all high-risk fire areas in the Butte County foothills.
- R6. Put a moratorium on all multi-home development in fire prone areas until all fire safety, traffic, and emergency water supply issues are resolved.
- R7. The Butte County Board of Supervisors should request and implement a County Fire Code Ordinance specifically designed for the Butte County foothill's environment.
- R8. In cases of emergency, the County Emergency Broadcast System should update information frequently, with specific, current information about evacuation recommendations, location and status of the emergency, and the forecast of future actions.
- R9. The Board of Supervisors should encourage the formation of a Benefit Assessment District on the Ridge.

R10. Consider inserting, in the local phone directory or property assessments, information about emergency travel routes and public assembly points, as shown in Appendix C.

### **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Department of Development Services

Butte County Association of Governments

Butte County Department of Public Works

Butte County Office of Emergency Services

Paradise Fire Department

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

## APPENDIX A

### Index of Routes from Paradise and the Upper Ridge

#### From the Upper Ridge

**Highway 171** extends from Inskip to Butte Meadows. At present it is a 9.6 mile long narrow, winding two-lane gravel road, only suitable for four-wheel drive vehicles in wet months. Portions of the road are in high fire-danger areas. There are plans to improve the road, but currently there are insufficient funds.

**Skyway** from Magalia and Paradise Pines to its intersection with Clark Road in Paradise is a twelve to fourteen foot wide paved road with shoulders and a 35 mph speed limit. There is heavy vegetation on both sides of the road. Where it crosses Magalia Dam, the shoulders are about two feet wide.

**Doe Mill Road/Garland Road** extends about seven miles from Powellton Road in Magalia to Highway 32 via Garland Road. Between Powellton Road and a narrow bridge, it is a very rough, winding road with protruding rocks in the road bed. The stretch also has steep side slopes, a few sharp curves, and heavy vegetation. Between the bridge and Highway 70 it is gravel surfaced with mild curves. The old steel girder bridge has a three-ton weight limit and is probably not safe for several vehicles at a time.

**Centerville Road/Honey Run Road** extends about seventeen miles from Nimsheew Road intersection with Skyway to join Honey Run Road, near the old covered bridge. The first four to five-mile stretch of Nimsheew Road is a winding, narrow, gravel surfaced road with no shoulders, steep side slopes, and heavy vegetation. The speed limit is probably about 20 mph. The second seven-mile portion is a winding gravel surface with no shoulders, with an approximate speed limit of 20-30 mph. This portion of the road also has steep side slopes and heavy vegetation. The four mile balance of the road to Skyway is a two-lane paved road with narrow shoulders, gently winding curves, and light to moderate vegetation, with a posted speed limit of 30-35 mph.

**Coutelenc Road** is a seven-mile long road which intersects Skyway below Stirling City, and reconnects to Skyway near upper Paradise. It traverses east of the Magalia reservoir and does not require crossing the Dam. It is a winding, paved, two-lane road with moderate curves. Two curves have a posted limit of 20 mph, but the balance of the road has a speed limit of about 30 mph. There is heavy vegetation on both sides of the road. Side slopes are flat to moderate.

**Jordan Hill Road** extends about seventeen miles from the Upper Ridge Coutelenc Road to Concow Road. It is narrow with no shoulders. A portion is dirt, and a portion has some gravel surfacing. It has one narrow bridge, sharp curves, no shoulders, heavy vegetation, and steep side slopes. The estimated speed limit of a convoy of vehicles is 10-20 mph. This road is not suitable for an evacuation route.

**Concow Road** is a winding, narrow paved road with a posted speed limit of 25 mph that extends from Concow to Highway 70. It has no shoulders with heavy vegetation on both sides.

#### From Paradise

**Skyway** is a four-lane, divided road with a wide grass median. It is essentially a straight road with a uniform, mild grade. The distance from Paradise to Chico is about ten miles. It has a 55 mph speed limit and wide shoulders for disabled cars. Portions of the road are essentially free of fire danger due to a golf course, graveled lookout, and residential developments. Fire fuel is essentially wild grass and a few trees. This route could be easily improved to further reduce fire danger.

**Neal Road** is a paved two-lane road, with mild curves extending about eight miles from Skyway to Highway 99. The road has non existent, to narrow intermittent shoulders and a posted speed limit of 35 mph. The terrain on each side is flat to moderate slopes. Fire fuel is light to moderate. Residential units are sparse to frequent.

**Honey Run Road** extends from Skyway in Paradise to Skyway about three miles east of Chico. The upper portion near Paradise is a paved, winding, very narrow two-lane road with sharp curves, no shoulders, and a steep slope on the north side. There is heavy vegetation on both sides. The estimated speed of a convoy of vehicles would be less than 20 mph. The lower portion is a winding, two-lane paved road with a speed limit of about 30 mph. The upper portion is not suitable for an evacuation route.

**Clark Road (Highway 191)** is a paved, two-lane road with a few sharp curves and narrow shoulders. It extends ten miles from Paradise to the Durham-Pentz Road. The speed limit is 45 mph. Much of the upper portions of the road consist of steep slopes with dense vegetation.

**Pentz Road** is a paved two-lane road extending about eleven miles from upper Paradise to Highway 70 and the Durham-Pentz Road. The upper portions are winding, with narrow shoulders and steep slopes. Fire fuel is abundant.

**Durham/Pentz Road** is a two-lane paved road, with no shoulders extending from Highway 70 and Pentz Road to Highway 99. It has a posted speed limit of 55 mph. The terrain on both sides is flat and predominately covered with grass vegetation.

## **APPENDIX B**

### **Description of Project: Forest Highway 171**

#### **What is the Project?**

At the request of Butte County, the United States Department of Agriculture (USDA), Forest Service (FS), and the Central Federal Lands Federal Highway Division (CFLHD), BCAG completed a Project Reconnaissance and Scoping Report (August 16, 2002), investigating the widening and reconstruction of Forest Highway 171 (Upper Skyway).

In December of 2002, BCAG took the lead to develop the environmental document and begin the process of completing the Project Approval and Environmental Document (PA&ED) phase.

#### **Why is the Project being done?**

Beginning in late 1999, citizens and local officials living in and representing the communities above Paradise began expressing a concern that in the event of a fire or related natural disaster, there was only one way into and out of these communities. The southerly exit would be through the Town of Paradise on the Skyway. The northerly route would have to be over the Upper Skyway or FH 171 over a 9.6 mile section of dirt road extending between the community of Inskip and Butte Meadows.

The primary purpose of this project is improved safety for in excess of 25,000 residents living in and around these communities, also known as the Upper Ridge. Improvements to Forest Highway 171 (Upper Skyway) also substantially completes basic infrastructure necessary for the FS to effectively administer and manage the large amount of federal lands in the northeastern portion of Butte County by providing a through route.

The Humboldt, Palermo and Concow fires of 2008 have provided an increased awareness and further support the merits of completing this project.

#### **What is the current status of the Project?**

A CEQA Mitigated Negative Declaration was approved by the BCAG Board of Directors in September of 2005. A NEPA Categorical Exclusion was approved in November 2005.

BCAG, Butte County, FS, FHWA and Caltrans are currently working to continue looking for federal and state sources of funding in an effort to provide the additional dollars needed for the estimated \$12-\$15 million construction project. FHWA and the FS have committed \$5 million to the construction phase of this project. An earmark for an additional \$5.8 million and another \$980,000 was authorized in the current federal transportation bill known as SAFETEA-LU.

\$1.3 million in Regional Improvement Program (RIP) was allocated in the 05/06 Fiscal Year (FY) to continue with development of the Plans, Specifications and Estimate (PS&E). Together with the upcoming completion of the project design, the acquisition of Right of Way is currently underway. If all right of way acquisition moves forward as planned a Phase One project could be delivered as soon as the Spring of 2009.

#### **Questions or comments:**

Should you have any questions or comments regarding the project please call or e-mail Andy Newsum, Project Manager at (530) 879-2468.

## **APPENDIX C**

Following are fire safety pamphlets for a few foothill communities.

These representative pamphlets were developed by local Fire Safety Councils and other organizations.

C-1 Paradise

C-2 Upper Ridge

C-3 Pulga, Concow, and Jarboe Gap

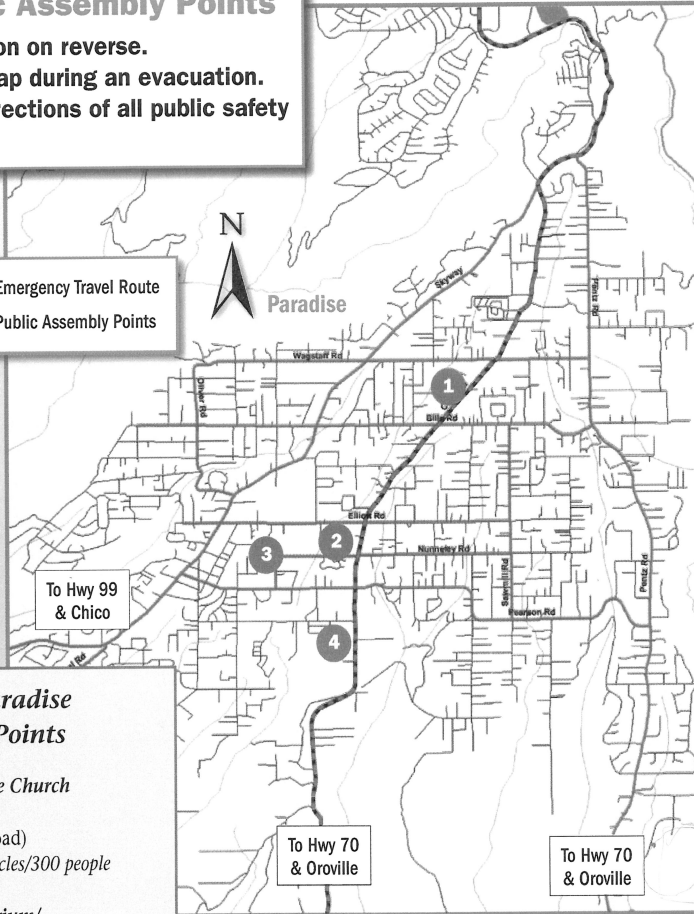
# Paradise

## Emergency Travel Routes and Public Assembly Points

- Map of region on reverse.
- Take this map during an evacuation.
- Obey the directions of all public safety personnel.

**Emergency radio stations:**  
 1500 AM —Paradise Town Radio  
 1460 AM —Upper Ridge Radio

Emergency Travel Route  
 1 Public Assembly Points



### Town of Paradise Assembly Points

- 1 Paradise Alliance Church**  
 6491 Clark Road  
 (North of Bille Road)  
 Room for 475 vehicles/300 people
- 2 Paradise Auditorium/  
 Paradise Senior Center**  
 777 Nunneley Road  
 Room for 216 vehicles/125 people
- 3 Seventh-day Adventist Church**  
 5720 Academy Drive  
 (North of Pearson Road)  
 Room for 400 vehicles/150 people
- 4 Tall Pines Entertainment Center**  
 5445 Clark Road  
 (South of Pearson Road)  
 Room for 150 vehicles/500 people

### If a wildfire approaches...

- Park your vehicle facing out. Put valuables in the car. Keep car keys accessible.
- Secure pets. Prepare them for transporting.
- Close shutters and drapes.
- Place a garden hose and buckets full of water around the house.
- Leave your electricity on and keep some inside lights on.
- Turn off gas at the meter or the propane tank.
- Dress in long pants, long-sleeved shirt, goggles or glasses, a bandanna to cover your face and a baseball cap. 100% cotton clothing is best.

### During evacuation:

- Have your checklist and map ready listing actions you will take prior to and during evacuation.
- If you become trapped by fire while evacuating in your car, park in an area clear of vegetation, close all vehicle windows and vents, cover yourself with a blanket or jacket and lie on the floor.
- If you are trapped by fire while evacuating on foot, lie face down in an area clear of vegetation or in a swimming pool or defensible structure.



# Upper Ridge

## Emergency Travel Routes and Public Assembly Points

- Map of region on reverse.
- Take this map during an evacuation.
- Obey the directions of all public safety personnel.

### Emergency radio stations:

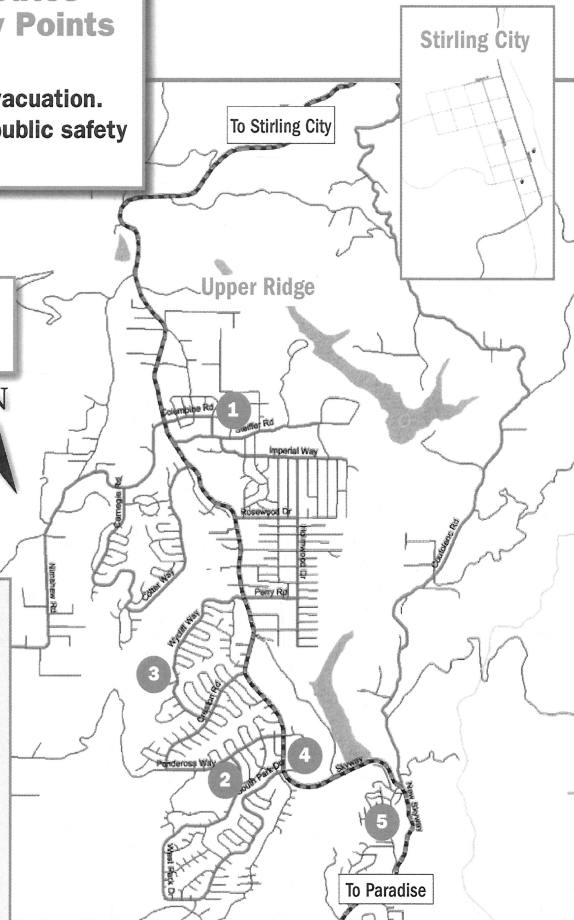
- 1460 AM —Upper Ridge Radio
- 1500 AM —Paradise Town Radio

- Emergency Travel Route
- 1 Public Assembly Points



### Upper Ridge Assembly Points

- 1 Cedarwood School**  
 6400 Columbine Road  
 Can also be accessed off Steiffer  
 Room for 70 vehicles/280 people
- 2 Pines Elementary/  
Mountain Ridge Middle Schools**  
 13878 Compton/13835 West Park  
 Access from two roads  
 Room for 125 vehicles/500 people
- 3 Paradise Pines Property  
Owners' Association**  
 14211 Wycliff Way  
 Room for 80 vehicles/250 people
- 4 Holiday Market**  
 14001 Lakeridge Circle  
 Room for 80 vehicles/\_\_\_ people
- 5 Magalia Community Church**  
 13700 Old Skyway  
 (Old Magalia)  
 Room for 200 vehicles/100 people



### If a wildfire approaches...

- Park your vehicle facing out. Put valuables in the car. Keep car keys accessible.
- Secure pets. Prepare them for transporting.
- Close shutters and drapes.
- Place a garden hose and buckets full of water around the house.
- Leave your electricity on and keep some inside lights on.
- Turn off gas at the meter or the propane tank.
- Dress in long pants, long-sleeved shirt, goggles or glasses, a bandanna to cover your face and a baseball cap. 100% cotton clothing is best.

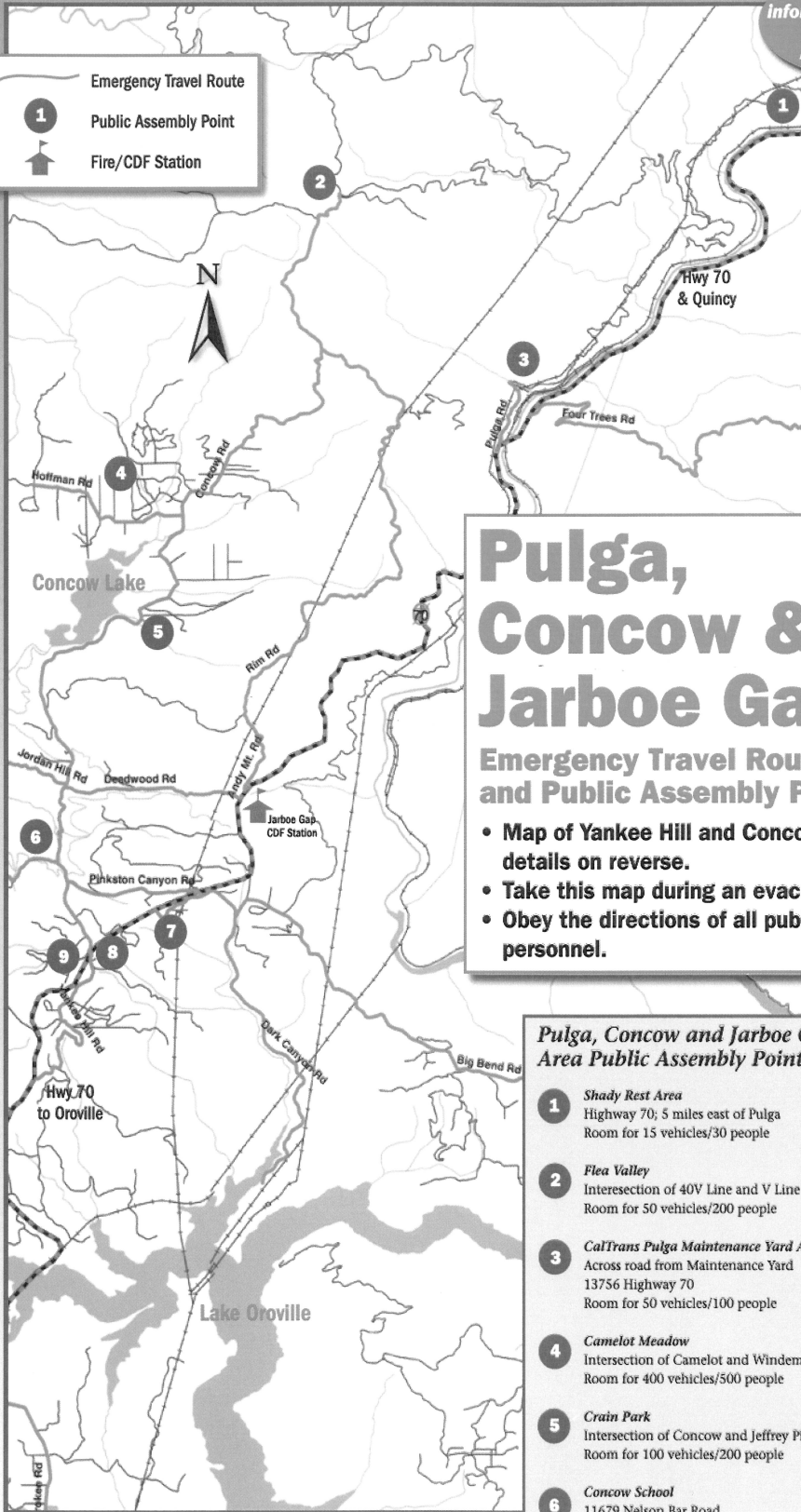
### During evacuation:

- Have your checklist and map ready listing actions you will take prior to and during evacuation.
- If you become trapped by fire while evacuating in your car, park in an area clear of vegetation, close all vehicle windows and vents, cover yourself with a blanket or jacket and lie on the floor.
- If you are trapped by fire while evacuating on foot, lie face down in an area clear of vegetation or in a swimming pool or defensible structure.

Emergency Travel Route

1 Public Assembly Point

Fire/CDF Station



# Pulga, Concow & Jarboe Gap

## Emergency Travel Routes and Public Assembly Points

- Map of Yankee Hill and Concow details on reverse.
- Take this map during an evacuation.
- Obey the directions of all public safety personnel.

- ### Pulga, Concow and Jarboe Gap Area Public Assembly Points
- 1 Shady Rest Area**  
Highway 70; 5 miles east of Pulga  
Room for 15 vehicles/30 people
  - 2 Flea Valley**  
Intersection of 40V Line and V Line  
Room for 50 vehicles/200 people
  - 3 CalTrans Pulga Maintenance Yard Area**  
Across road from Maintenance Yard  
13756 Highway 70  
Room for 50 vehicles/100 people
  - 4 Camelot Meadow**  
Intersection of Camelot and Windemere  
Room for 400 vehicles/500 people
  - 5 Crain Park**  
Intersection of Concow and Jeffrey Pine  
Room for 100 vehicles/200 people
  - 6 Concow School**  
11679 Nelson Bar Road  
Room for 200 vehicles/500 people

**BUTTE COUNTY GRAND JURY REPORT 2008/2009**  
**BUTTE COUNTY GENERAL RESERVE**

**SUMMARY**

As a result of the current severe economic downturn, Butte County, the State of California, and the federal governments are experiencing revenue short falls. In fiscal year 2008/2009, Butte County is forecasting an \$18 million deficit in funding for its operations. The deficiency is primarily due to reductions in property tax receipts, sales tax receipts, and reduced funds from the State of California. Revenue projections for future years are expected to be equally grim.

When developing the budget for each fiscal year, Butte County includes a Contingency to cover differences between estimated and actual revenue received, and the differences between estimated and actual costs of salaries and benefits, equipment purchases, and other operating expenses for that budget year. This Contingency is neither intended for, nor adequate to cover severe reductions in revenue or increased expenditures resulting from major fires, earthquakes, floods, etc. To provide for such emergencies, some California counties (for example Yuba, Shasta, and Placer) during years of revenue growth, create a Rainy Day Fund (termed by the State of California as a General Reserve). During the period of rising property tax and sales tax revenues, 1999-2008, Butte County had an opportunity to create such a fund, but did not.

To address the current revenue short fall, Butte County has taken action to reduce County expenditures. While the County can reduce or defer some expenses related to equipment and capital expenditures, the bulk of the reductions must be achieved by reducing personnel positions. At the same time, the County is faced with maintaining or expanding its level of service, to address the needs of a larger unemployed labor force.

Had Butte County taken action to develop a General Reserve during the period of revenue growth, 1999-2008, it could have built a fund of about \$15-20 million. Due to the extended forecast of significant revenue reductions, a General Reserve would not have eliminated the need for the County to make reductions in expenditures or personnel in 2009. However, a General Reserve of this magnitude would have provided the County options for taking more moderate action, including making personnel reductions by attrition, or by purchasing equipment to increase productivity.

The 2008/2009 Butte County Grand Jury recommends that Butte County develop, adopt, and implement a mandatory policy to create a General Reserve, when County revenue growth resumes. The Grand Jury recognizes that revenue growth may not commence for several years, but it believes that the policy should be developed today while the lessons related to not having a General Reserve are fresh. The creation of the fund should be made mandatory and tied to an indicator such as the Consumer Price Index or equivalent.

## **GLOSSARY**

FY - A fiscal year (financial year or budget year) is a period used for calculating annual financial statements in government, businesses, and other organizations. In Butte County the fiscal year commences on July 1 and ends on June 30<sup>th</sup>.

Contingency - An amount of funds set aside in annual budgets to cover differences between budget estimates of expenses and actual expenditures, which may occur during the FY covered by the budget.

General Reserve - An amount of funds set aside to cover emergencies, such as unforeseen major revenue losses or major increases in expenses.

Rainy Day Fund - Another term for General Reserve.

## **BACKGROUND**

The United States, along with most of the world, is experiencing a financial crisis. The State of California is also in a financial crisis due to over spending and reduced revenues. The impact of these crises on Butte County is: reduced property tax receipts, reduced sales tax revenues, and reduced payments from the State. As a result, the County is entering a period, which may exceed three years, of significant reductions in revenue. The Contingency in the Butte County FY 2008/2009 budget is not sufficient to cover revenue losses in FY 2008/2009.

As shown in Chart I: Property, Sales, and Interest Revenue (Appendix A), during the years of 1999-2008, County revenue from property tax and sales tax receipts and interest grew from \$38 - \$70 million. Other California counties experienced similar increases and chose to set aside a portion in a General Reserve (Rainy Day Fund), to cover possible declines in revenue or unforeseen increases in expenditures in future years. Similarly, Butte County had an opportunity to develop a General Reserve (Rainy Day Fund), but instead chose to spend all of the increased revenue.

## **APPROACH**

The Grand Jury reviewed the 2008/2009 annual budget, and revenue and expenditures in the previous ten years, to determine if the County had an opportunity to develop a General Reserve. The Grand Jury interviewed Butte County officials on their opinions about developing a General Reserve, and briefly reviewed the actions of other counties.

## **DISCUSSION**

Each year the County prepares an operating budget. This budget includes a Contingency for unexpected expenses within that fiscal year. This Contingency is insufficient to cover major reductions in County revenues such as those currently forecast for FY 2008/2009. To prepare for such events, some counties in California develop a General Reserve. The State of California has

enacted laws (Government Code Sections 29084-29086) to regulate the use of General Reserves by counties.

Many people, and even some officials, assume that the word Contingency means money to cover unforeseen events, and that the Contingency in the County's operating budget is adequate to handle all unforeseen events. However, Contingency is normally included in government and business budgets and forecasts to cover small differences in the estimates of costs, versus actual costs in that FY. A General Reserve is developed and used to cover major unforeseen events or emergencies. Most businesses routinely set aside cash reserves to cover emergencies. Similarly, prudent families have emergency savings (Rainy Day Funds) to cover the equivalent of six months of expenses, in case of a job loss, sickness, or other emergencies.

Butte County has not, in the last fifteen years, had a General Reserve. In the view of the Grand Jury, the County missed an opportunity to develop a General Reserve in the years of large increases in property tax revenues. As shown in Charts I, II and III (Appendix A), from 1999-2008, Butte County revenue increased from \$38 - \$70 million per year. Total Butte County revenue from taxes and interest for this period was about \$480 million. During this time no General Reserve funds were set aside for a "rainy day."

This year, as a result of the collapsed housing market, and economic downturn, the County is faced with declining revenue from four major sources:

- Property tax receipts

- Sales tax receipts

- Reduction in County allocations from the state

- Delay in payments from the state

As a result, the County is experiencing an \$18 million shortfall in the FY 2008/2009 budget, and similar reductions in the County revenue for the next several years.

Had Butte County put aside from \$1 - 6 million during each year of prosperity from 1999-2008, approximately equal to 2-8% of revenue, the County would have nearly \$15 - 20 million in revenue to apply to the current financial crises. As a result of not having a General Reserve to provide a cushion, the County is projected to cut about 200 personnel positions and defer equipment purchases.

During each fiscal year, County receipts from property taxes and payments from the State of California lag behind expenditures. As a result, the County is required to borrow short term funds to pay its obligations. If the County had a General Reserve, it could use these funds to finance, at no cost, short term debt.

The Grand Jury recommends that the County immediately develop, adopt, and implement a policy to build a General Reserve (Rainy Day Fund) to provide for future emergencies. The Grand

Jury recognizes that conditions to create a General Reserve may not occur for several years, but believes that it is prudent to use the situation today as a lesson to prepare for the future. The Grand Jury recommends that the policy be mandatory, with a specific formula, when revenues exceed some type of indicator, such as the Consumer Price Index or equivalent.

## **FINDINGS**

- F1. During the period 1999-2008, Butte County tax and interest revenue increased from \$38-75 million totaling about \$480 million for the period.
- F2. During years of increasing revenue, Butte County did not create a General Reserve (Rainy Day Fund).
- F3. In the FY 2008/2009 annual budget the County has a small Contingency. The Contingency is not adequate to handle the severe reduction in revenue.
- F4. Butte County is entering a period, which may extend several years, of reduced revenue.
- F5. As a result of not having a General Reserve, Butte County will need to make drastic reductions in staffing, equipment, and levels of services for several years.

## **RECOMMENDATIONS**

- R1. The 2008/2009 Grand Jury recommends that Butte County immediately establish, adopt, and implement a policy, with a specific formula, to develop a General Reserve. This would be implemented when Butte County revenues exceed an indicator, such as the Consumer Price Index, or equivalent.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Chief Financial Officer

Butte County Chief Administrative Officer

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.
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## **APPENDIX A**

Chart 1: Butte County Property and Sales Tax and Interest Revenue: 1999 – 2008

Chart 2: Butte County Property Tax Revenue: 1999 – 2008

Chart 3: Butte County Sales Tax Revenues: 1999 - 2008

APPENDIX A

Chart 1: Butte County Property and Sales Tax and Interest Revenue: 1999 – 2008

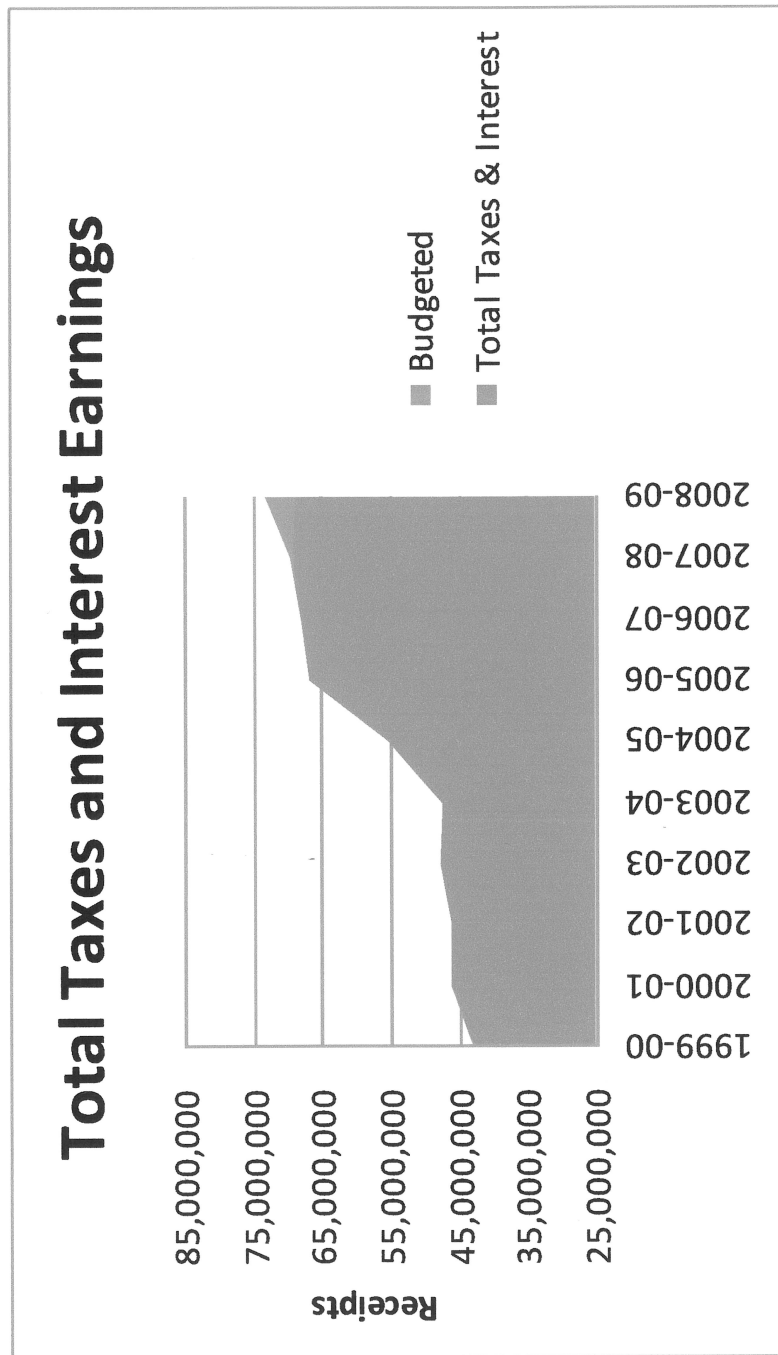


Chart 1: Butte County Property and Sales Tax and Interest Revenue: 1999 – 2008

APPENDIX A:

Chart 2: Butte County Property Tax Revenue: 1999 – 2008

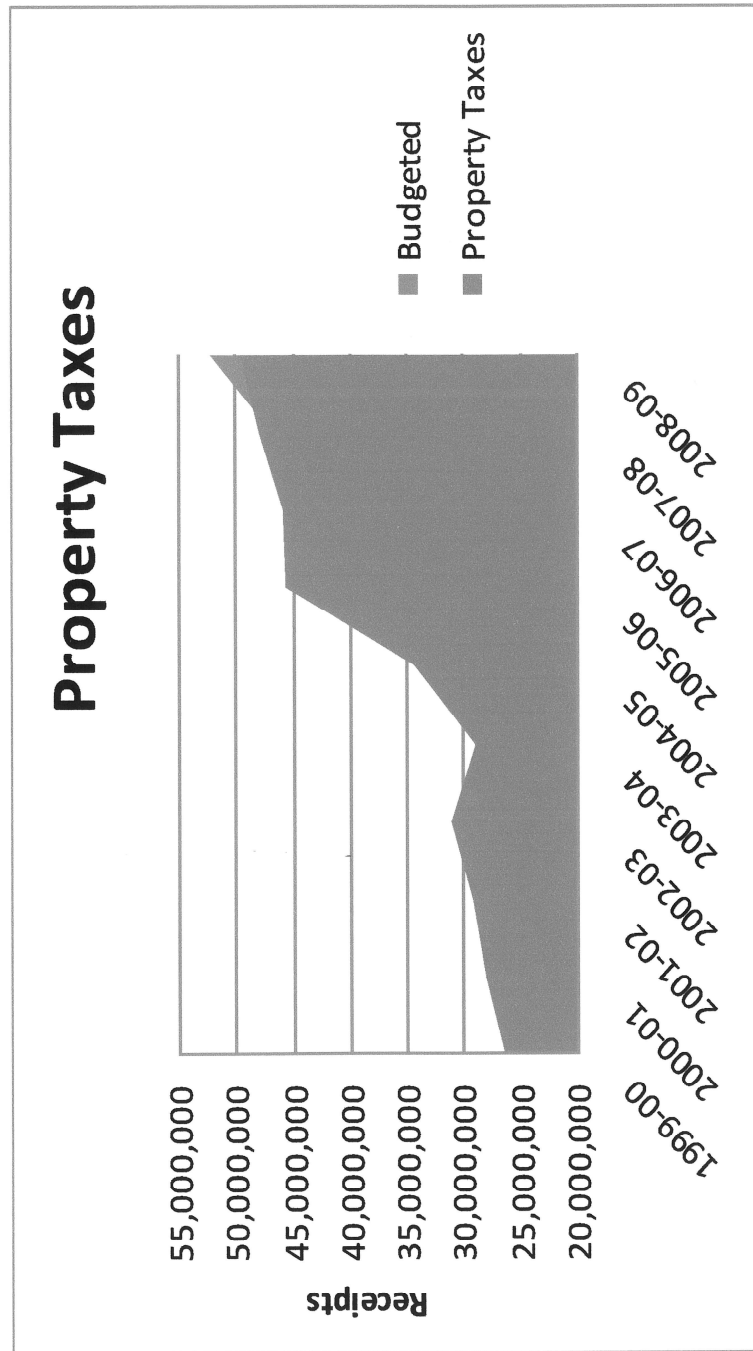


Chart 2: Butte County Property Tax Revenue: 1999 – 2008

APPENDIX A

Chart 3: Butte County Sales Tax Revenues: 1999 - 2008

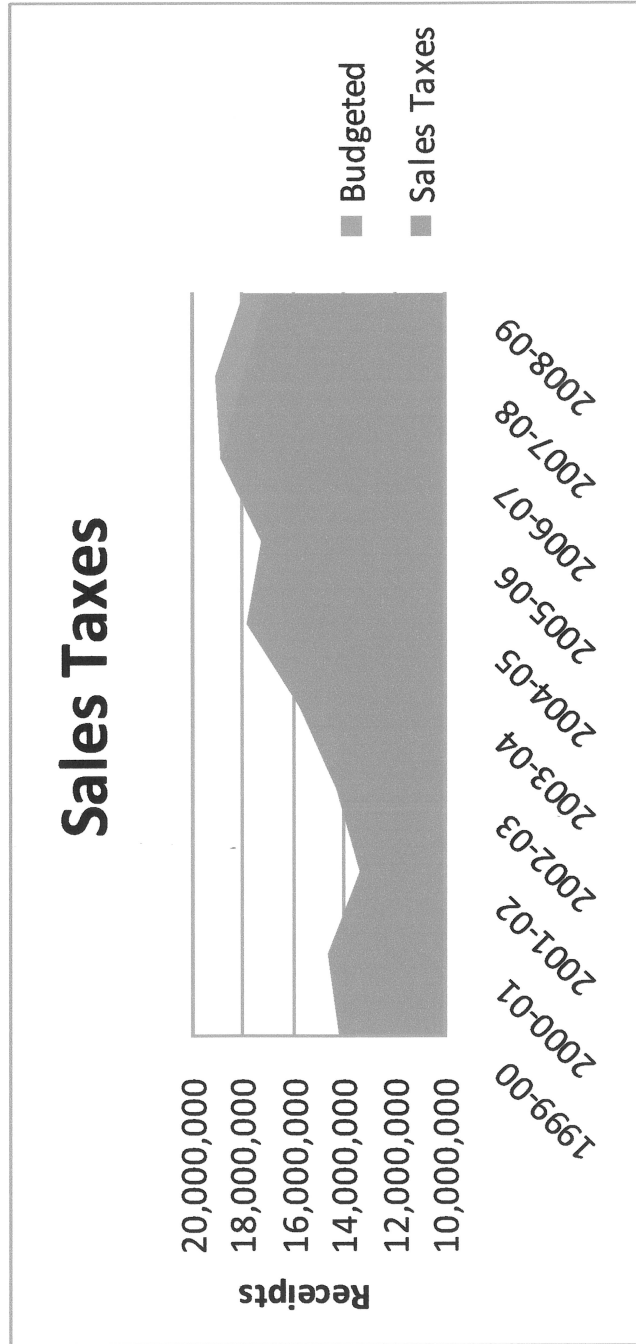


Chart 3: Butte County Sales Tax Revenues: 1999 - 2008

**BUTTE COUNTY GRAND JURY REPORT 2008/2009**  
**BUTTE COUNTY DEPARTMENT OF GENERAL SERVICES**  
**CONTRACT ADMINISTRATION DIVISION**

**SUMMARY**

The 2008/2009 Butte County Grand Jury reviewed the operations of the Department of General Services (DGS), with special attention focused on the administration of Contracts and Purchasing Policies of the County.

The DGS is a large department responsible for contracts, the purchase of supplies, equipment, and services provided to the County. The DGS Director identified an immediate need for the reorganization of the Contracts Administration Division (CAD) and the rewriting of the Contracts/Purchasing Policy and Procedure Manual (hereafter referred to as the Manual) used for the issuance of contracts. A new Contracts Manager has been assigned to revise the Manual and develop a contract process that all departments will follow. The initial deadline for revising the Manual was October, 2008. Due to the overwhelming workload caused by the aftermath of the 2008 fires, that timeline was extended to the spring of 2009.

In the process of review, the Grand Jury observed that:

The DGS Director and the Contracts Manager had been working collaboratively to provide the much needed update of contract issuing procedures and the Procedures Manual.

The Director and Manager are to be commended for their optimistic enthusiasm and desire to bring the County Contract Division up to its optimum level of efficiency. By standardizing contract language, establishing contract protocols and centralizing contract information, the Division can streamline the contracts system and eliminate financial waste to the County.

The common goal of this Division is to secure and maintain a centralized location and procedural system for the issuing, processing, and tracking of county contracts.

**BACKGROUND**

According to the contract structure of Butte County there are many forms of contracts, most of which have strictly enforced language sets used by the departments to contract for their needs, or for revenue producing services, or relationships outside the County. Additionally, there are Memoranda of Understanding between county departments, and other governmental jurisdictions and entities. There are also more obscure documents, such as "letter contracts" and "untitled contracts," such as the untitled contract with the Department of Fish & Game for delivery of wildlife to various Butte County entities.

In November of 2007, the Board of Supervisors directed the DGS to consolidate the County's contract administration under DGS. The Contracts Division had not been reviewed by the

Grand Jury within the past ten years, thus the panel chose to look into the process by which contracts are issued and managed. The goals of the review were as follows:

- To learn how the Contract Administration Division was organized and managed
- To assess the immediate needs of the Contracts Division
- To promote immediacy and efficiency in the creating of a new Contracts/  
Purchasing
- Procedure Manual within a given timeline

## **APPROACH**

The Grand Jury's review included:

- A complete review of the current "Contracts/Purchasing Policy and Procedure Manual"
- Two formal interviews with the Director of DGS
- Two formal interviews with the Contracts Manager
- A formal interview with one member of the Board of Supervisors
- A formal interview with two members of the Department of Employment and Social Services

## **DISCUSSION**

The lack of standardization and consistency in the language of the Manual makes it very confusing and difficult for vendors or contractors to bid on a contract. This often discourages contractors from bidding. Thus, a contract may not receive competitive bids.

Without competitive bidding the County may end up paying more money for the contracted service, while receiving a lower quality of workmanship.

The contracts manager is only able to devote part of one day a week to work on the update of the manual. This is extending its completion date. The County could possibly save time and money by hiring a person to work solely on that project.

There is a need to have all contracts in a centralized location where they can be electronically accessed, reviewed, and tracked through to completion. There has also been discussion of adding an electronic contract processing module to the County database. The module does not exist at this time, however, its development and implementation would dramatically improve the current mode of hand-carrying a paper version from department to department, which results in a lengthy, four to six week process. An electronic contract processing module would save valuable time and County resources.

In 2007/2008 there were 1,072 contracts issued. Because of this volume, it is apparent that two people cannot effectively oversee all of the contracts without sufficient personnel to process them.

If all departments followed the same standardized contract language and performance measures, it would eliminate time consuming reviews by County Counsel.

## **FINDINGS**

- F1. The Department Director and the Contracts Manager are acutely aware of the overwhelming need to rewrite the outdated Contracts/Purchasing Policy and Procedure Manual, for the purpose of centralizing information, creating easier access, saving time, and most importantly, saving revenue for the County.
- F2. There is a lack of standardization and consistency in the County's contract language.
- F3. There is a lack of electronic transmission, approval, management and tracking of contracts.
- F4. The DGS is not always involved before contracts are issued by individual departments.
- F5. There is an immediate need for the Manual to be completed and approved by the Board of Supervisors.
- F6. There is no timeline for approval at each step in the ratification of a contract. Presently, it takes four to six weeks for contract approval.

## **RECOMMENDATIONS**

- R1. A dedicated clerical position should be tasked with the compilation of the new contracts Manual.
- R2. Develop standardized, write-protected, department-specific templates for use in the majority of contractual relationships, eliminating lengthy, individual document review.
- R3. An electronic processing program specific to expediting the contract process needs to be developed and implemented as soon as possible.
- R4. Each department seeking a contract for goods or services should work collaboratively with DGS, utilizing the aforementioned templates, and implementing a streamlined electronic contract process.
- R5. The new Manual should be reviewed and approved with any appropriate modifications by the Board of Supervisors as soon as completed.
- R6. Procedures should be established to enhance the expediency and efficiency of the contract approval process.

## REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Department of General Services Director

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

**BUTTE COUNTY GRAND JURY REPORT 2008-2009  
PAYMENT OF MEDICAL INSURANCE PREMIUMS  
FOR BUTTE COUNTY RETIREES**

**SUMMARY**

During the course of the 2008/2009 Grand Jury's review of County expenditures, the Grand Jury discovered that the County was paying nearly one million dollars solely for medical insurance premiums for about 120 retired Butte County employees. As medical insurance premiums increase and additional employees with accrued sick leave elect to take early retirement, these costs will increase dramatically.

The benefits of Butte County employees are contained in nine Memorandum of Understandings (MOUs) and two Resolutions. These documents include sick leave, incentives to save sick leave, and medical benefits for County employees who elect to retire prior to age sixty five. In reviewing these MOU agreements and Resolutions, the Grand Jury noted that the County is currently obligated to pay the full cost of medical insurance premiums for employees who (1) elect to retire prior to age sixty five, (2) have accrued sick leave savings and (3) elect to use their sick leave savings to have the County pay the full cost of their medical insurance premiums. Retirees are also able to upgrade to more expensive plans at the County's expense. By contrast, County employees, who have not yet elected to retire, pay a portion of their medical insurance premiums. All of the MOUs with the County's employee Bargaining Units have expired as of October, 2008, and are currently being renegotiated. The Grand Jury recommends that the County negotiate the medical insurance premium provisions to require new retirees to pay a portion of their medical insurance premiums.

The Grand Jury learned that during previous contract negotiations, the County compared employee compensation against twelve other counties. The group included Sacramento, Santa Cruz, Solano, and Napa. The Grand Jury believes that counties used for comparing compensation should have a similar cost of living index. The Grand Jury recommends that the County negotiate to replace the above named counties with counties that have more comparable socio-economic attributes.

**BACKGROUND**

County personnel fall under nine different employee Bargaining Unit Memoranda of Understandings or "MOUs" and two different Resolutions related to Non-Represented staff who are the County Officials, Department Heads and their Assistants. County Department Heads' rights are set forth in one of these Resolutions as well as in individual Department Heads' contracts. These MOUs and Resolutions include working conditions, compensation, medical benefits, and retirement benefits. While the terms of the agreements are similar, there are also some differences as outlined in the Table shown on page 5. In reviewing these agreements, the Grand Jury noted that the health insurance benefits to retired employees appeared generous and very expensive to the County. The benefits exceed those offered by private industry and other governmental agencies. In addition, forecasting the County's cost for these benefits is difficult due to

unpredictable increases in medical insurance premiums and the indeterminate number of employees who may elect to retire.

## **APPROACH**

The Grand Jury reviewed the nine bargaining units MOUs and two Resolutions. The Grand Jury met with County staff to confirm its understanding of the agreements and to obtain information on the County's medical insurance plans and premiums.

## **DISCUSSION**

### **Employee Compensation Package**

County staff stated that a review of total employee compensation and benefits conducted several years ago indicated the need to offer the medical insurance retirement benefit in order to attract qualified staff. The survey compared Butte County to twelve counties: Stanislaus, Santa Cruz, Yolo, Merced, Sonoma, Napa, Sacramento, Shasta, Sutter, Placer, Solano, and El Dorado. It is not known if the reviewer's anticipated double digit increases in the cost of medical insurance in most of the years since the survey was conducted, or if the magnitude of the total cost to the County was realized. The retiree medical benefits were one part of the total compensation package. All of these agreements are being renegotiated this year, giving the County the opportunity to review and renegotiate retiree medical benefits.

### **Medical Insurance Benefits**

Butte County provides medical, dental, and vision benefits to all current full-time employees under ten optional plans. While employed, the County pays a fixed amount and the employees pay the balance of the medical insurance premiums depending upon the plan selected. Regardless of the plan selected, County payments are limited to:

- Employee - \$472.78
- Employee plus spouse - \$921.30
- Employee plus family - \$1,207.41

Depending upon the number of people covered and the plan selected, the employee's contribution ranges from \$50 to \$930.

Medical insurance benefits are also provided to employees who retire from Butte County under CalPERS (California Public Employees' Retirement System) when they meet the required minimum age, length of service, and accumulated sick leave conditions specified in their respective employment agreements. However, under the current agreements, after retirement, the County pays the total cost of the health insurance premium for one year if the employee has, depending upon the terms of the MOU or Resolution, five or ten or more years of continuous service with the County. The Elected Official and Appointed Department Head Resolution and individual Department Heads' contracts have different conditions. Then, depending upon the employee's accrued sick leave savings, which are used to "buy" premium coverage, medical insurance is

paid for additional months or years until the employee and spouse qualify for Medicare. In Fiscal Year 2007/2008, the County paid almost one million dollars in health insurance benefits for about 120 retired employees. Depending upon the selected plan and coverage, the County's current costs for medical insurance premiums range from \$349 to \$2026 per month, per retiree. As shown in the example below, the cost to the County could exceed over \$100,000 for a qualified retiree. As more employees retire and medical insurance premiums increase, the cost to the County will continue to rise.

The Grand Jury reviewed the retirement medical benefits from some other state and county agencies with similar job parameters and found:

- Similar, but slightly higher, minimum age to qualify for early retirement
- Longer minimum length of service to qualify for paid medical insurance premiums, some as high as twenty years
- Upper limits on the amount the agency would pay for retiree medical insurance premiums

#### **Sick Leave Incentives and Benefits**

While employed with Butte County, the employee earns ninety six hours of sick leave per year (or eight hours per month). The County offers the sick leave savings benefits shown below in order to encourage employees to use their sick leave prudently. Under the nine bargaining MOUs and two Resolutions, after age fifty, a retiring employee may choose to convert his/her unused sick leave hours to:

- Extend their length of service for retirement benefits
- Receive cash up to \$3000
- Qualify to have the County pay medical insurance premiums by converting sick leave savings in excess of 240 hours
- During open enrollment, the retiree can also elect to upgrade for a plan with higher benefits and the County pays the total cost of the increased medical insurance premium

#### **Example of Cost to the County**

An employee, after turning fifty with twenty years of service to the County with no sick days taken, decides to retire. The employee will have accumulated 1920 hours of sick leave. Under the current agreements, the employee would receive the first year of medical insurance free of charge. After the first year, the employee can then elect to convert his/her accrued sick leave savings in excess of 240 hours to County paid medical insurance premiums.

- In this example, the retiree's eligible sick leave would be 1920 hours, minus 240 hours, equaling 1680 hours. For each eight hours of eligible sick leave, or one

sick leave day, the retiree is eligible to request the County to purchase one month of medical insurance.

- In this example, with 1680 hours of qualified sick leave, the retiree would be entitled to receive 210 months, or 17.5 years of 100% paid, full coverage medical insurance. When the retiree qualifies for Medicare Insurance at age sixty five, he/she could then elect to use the balance of the qualified sick leave to request that the County pay for the medical insurance of the retiree’s spouse.
- In this example, the approximate cost to the County for fifteen years of medical insurance premiums for one retiree ONLY, who chose a plan with a premium of \$600 (the average of all plans is \$601), would be \$108,000.
- In this example, note that one month of medical insurance premiums costs the retiree eight hours of sick leave savings. If the value of the selected plan is \$600, the value of each hour of sick leave is \$75. In most cases this would exceed the retiree’s pre-retirement hourly salary.

**Summary of Qualifying Conditions for the Agreements**

In Table 1 below, the qualifying conditions for having the County pay for a retiree’s sick leave are summarized for the nine bargaining unit MOUs and two Resolutions:

Table 1

<b>Bargaining Unit / MOU or Resolution</b>	<b>Minimum Age / Minimum Years Of Service to qualify for paid medical insurance</b>	<b>Qualifying Sick Leave (Hrs)</b>	<b>Sick Leave Hours Employee</b>	<b>Sick Leave Hours Spouse And Family</b>
6 Bargaining Unit MOUs	50/10	Unused Sick Leave: Greater than 240 hrs.	Retired Employee: 8 hrs. of sick leave qualifies for 1 month of paid medical insurance	Spouse of Retired Employee: 12 hrs. of sick leave qualifies for 1 month of paid medical insurance
3 Bargaining Unit MOUs	50/5	See Note 1	Retired Employee: See Note 1	Employee and Dependents: See Note 1
2 Resolutions	50 to 55/ Varies	Varies: None to 240 hrs	Retired Employee Varies: No Sick leave savings required to 8 hrs per month of paid medical insurance	Employee and dependents: No Sick leave savings required to 12 hrs per month of paid medical insurance

**Note 1:**

Unused sick leave hours are converted to sick leave days. Each sick leave day is eligible for one month of paid medical insurance. The eligible sick leave months are added to the twelve free months (first year of retirement) for those employees who retire with five or more years of continuous service and then multiplied by the current cost of the employee’s medical insurance premium. The total becomes the value of a medical insurance fund that the retiree can use to purchase medical insurance for his/her self and any dependents.

## **FINDINGS**

- F1. When negotiating the recently expired bargaining unit MOUs, the County reviewed the compensation packages of twelve other counties. Some of the counties did not have comparable cost of living or socio-economic parameters.
- F2. As an incentive to save sick leave, the County offers three options for converting unused sick leave upon retirement. The rationale for offering incentives to save sick leave appears valid.
- F3. Under the nine recently expired bargaining unit MOUs, the County pays the full cost of medical insurance premiums for retirees who qualify for CalPERS retirement and have accumulated sick leave savings. During open enrollment, the retiree may elect to change to a higher benefit plan with the County paying the increased premium.
- F4. In most cases, the medical insurance benefit exceeds the hourly rate paid to the employee prior to retirement. Medical insurance premiums for about 120 County retirees are currently costing the County nearly one million dollars per year. As medical premiums rise and more employees retire with accumulated sick leave, these costs will increase.
- F5. It is difficult for the County to predict or budget for retiree medical insurance premiums, due to the County's lack of control over insurance premium increases and employee decisions to retire.
- F6. The County is in the process of negotiating new agreements with the nine bargaining units, which provides an opportunity to renegotiate this benefit.

## **RECOMMENDATIONS**

- R1. When comparing employee compensation packages, negotiate to replace counties such as Sacramento, Santa Cruz, Sonoma, Napa, with counties having comparable cost of living and socio-economic parameters to those of Butte County.
- R2. Continue to offer cash payments and length of service extension for unused sick leave, but negotiate to change the medical insurance premium benefit to a shared cost, similar to that formula used to determine the portion of the medical insurance premium paid by the County for employees prior to retirement. For example, in the new Bargaining Unit MOUs being negotiated, fix the County's monthly contribution for retiree medical insurance premiums and require the retiree to pay the remainder.
- R3. For current retirees with vested retirement rights, continue to have the County pay the total cost of health insurance premiums. For future retirees, negotiate to modify the current practice which permits retirees to move to a higher plan at the County's expense. Negotiate to have the retiree pay the difference in premiums.

## REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Human Resources Department

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

### **Disclaimer:**

This report was issued by the 2008-2009 Grand Jury, with the exception of one member of the panel who is employed by a bargaining unit in Butte County. This juror was excluded from all parts of the investigation including voting rights, deliberation, and composition and acceptance of this report.

**BUTTE COUNTY GRAND JURY REPORT 2008/2009**  
**THERMALITO WATER AND SEWER DISTRICT**

**SUMMARY**

The 2008/2009 Butte County Grand Jury visited the Thermalito Water and Sewer District (herein referred to as the “District”). The primary purposes were to evaluate the general adequacy of District operations and to determine if the District was providing adequate service to its customers, especially in reference to water quality, quantity, and price.

The Thermalito Water and Sewer District was established in 1922 to deliver water to its customers located west of Oroville, California. Sewer service was added in 1972. Today, the District serves over 2900 water customers and 2100 sewer customers.

Water is obtained from Concow Reservoir, which is owned by the District and four (4) ground water wells within the District boundaries.

Sewage is collected and delivered to a jointly developed wastewater treatment plant operated by the Sewerage Commission-Oroville Region (SC-OR).

The Grand Jury review was prompted by a complaint letter. The Grand Jury initiated the visit by submitting to the District a letter requesting broad information on District operations and rates. Following receipt of the response, the Grand jury visited the District on September 18, 2008, and met with the General Manager and Legal Counsel. Subsequent to the visit, the Grand Jury submitted three additional letters requesting additional information. The responses to the written and interview questions were comprehensive.

From the responses and discussion, the Grand Jury concludes that the District:

- Has planned for an adequate water supply to meet current and future needs
- Appears to be properly maintaining the water and sewer systems
- Has a reasonable number of employees and efficient work practices
- Has procedures for ensuring that providing services to new customers will not burden existing customers with additional capital or operating expenses unrelated to their services
- Is meeting its obligations for collecting sewerage and transporting it to SC-OR
- Has established water and sewer rates that are reasonable and competitive
- Provides regular meetings open to the public to review operations and issues

- Notifies and conducts meetings to review proposed rate increases

At present, the District does not have a leakage detection program or a water conservation program. The Grand Jury recommends that the District continue to closely monitor its Unaccounted for Water and develop and have ready to implement a Leakage Detection Program. The Grand Jury also recommends that the District implement a Water Conservation Program.

## **GLOSSARY**

F/Y- Fiscal year. The F/Y for the District runs from July 1 to June 30 of the following year.

Unaccounted for Water- The difference between the volume of water entering the system and the amount billed to its customers.

gpm- Gallons per minute

mgd- Million gallons per day

O&M- Operations and Maintenance

## **BACKGROUND**

Prompted by a complaint letter concerned about water rate increases and alleged price gouging, the Grand Jury initiated a review of the District's water rates. From a document prepared by the Paradise Irrigation District comparing water rates by various water purveyors in the county, the Grand Jury concluded that the water rates charged by the Thermalito Water and Sewer District were competitive but elected to visit the District to assess its operations.

## **APPROACH**

The Grand Jury obtained water rates charged by other water purveyors in the county and compared them with those charged by the District. The Grand Jury also visited the District to determine the reasons for recent rate increases and to evaluate the operations of the District. Subsequent to the visit, the Grand Jury requested additional information via three letters.

## **DISCUSSION**

### **Water System**

The District obtains water for its water customers from the Concow Reservoir (formerly known as Lake Wilenor) and from four operating ground water wells. Concow Reservoir is a portion of the watershed feeding Lake Oroville. The combined capacity of the reservoir and wells is about nine million gallons per day (mgd). The District's average water demand varies from 1.34 mgd in the winter to 3.216 mgd in the summer. The District has exclusive water rights to the Concow Reservoir supplies and the capability of adding more ground water wells if required. Thus, the District has adequate supplies to meet the demands of future customers.

### **Surface Water Supply**

The District has the water rights to 7200 acre-feet of water developed by Concow Reservoir. The reservoir is formed by an eighty foot high concrete dam with an overflow spillway. Spillway releases are controlled by flashboards operated by District personnel.

The Reservoir is fenced, and public access is limited to onshore fishing. The District has an agreement with the State to operate Concow Reservoir as a fishery. Under this agreement, the District releases water into Oroville Reservoir during the fall, winter, and spring months when inflows exceed reservoir evaporation and local Concow residential water demands. During summer months, the District maintains Concow Reservoir full or nearly full and uses the water previously released and stored in Lake Oroville to meet the demands of its water customers. The California Division of Dam Safety performs annual inspections of the dam.

### **Ground Water Supply**

The district has four operating ground water wells which can collectively deliver about 2.9 mgd. The District monitors the ground water levels and has noticed only a very small (six inches) lowering of the water level when the wells are operating. Thus the wells appear able to provide a sustained delivery of ground water. Ground water is chlorinated at the wells just prior to entering the delivery system. Water is tested monthly by FGL (formerly Monarch) Laboratory in Chico. Test reports are submitted to the California Department of Public Health.

### **Water Distribution System**

Surface water is withdrawn from the canal between Thermalito Forebay and Afterbay. It is treated by a new pressure filter treatment plant, pumped to a water storage tank at the base of Table Mountain, and delivered by gravity to District customers. Ground water is added to the system at the water main closest to each well. The District recently completed construction of a new thirty six inch diameter pipeline from the filtration plant to the water storage tank. This new line parallels an existing twenty four inch diameter steel pipeline. The steel pipeline has recently been relined. Together, the two pipelines give the District security in its ability to deliver water to its customers. Capacity of the pipeline system is over 12 mgd. The District has over fifty miles of water pipelines. Portions of the distribution pipelines were built in the 1920's and portions of the distribution pipelines are steel. As a result of the age of the system and construction materials, leakage is a potential problem.

Water deliveries are recorded at the point of delivery to each customer by a water meter. Meters are read monthly. The District reported that their meters are old and under record the amount of water delivered. Specifically, during periods of low flows the meters do not record all of the water delivered. The District has commenced a meter replacement program to replace the under recording meters.

The District monitors "Unaccounted for Water". Unaccounted for Water is the difference between the volume withdrawn from surface and groundwater sources and the volume of water delivered to its customers. "Unaccounted for Water" is attributed to system leakage, meter inaccuracies, water used for flushing lines, fire fighting, and other uses not measured. The District advised that "Unaccounted for Water" is about three to five percent of withdrawals, which is low. The District does not currently have a leakage detection program. Significant leakage is normally found by customers and reported to the District. The District does not have a water

conservation program. As water in California is relatively scarce and it is a very valuable resource, efforts should be made by all water agencies and users, including the District to conserve water and to prevent waste.

### **Water Quality**

The District takes potable water samples monthly from the delivery system and sends the samples to FGL (formerly Monarch) Laboratory of Chico for testing. The test results are sent to the California Department of Public Health. The test results are within government guidelines.

### **Sewer System**

Sewage services were added by the District in 1972. By Butte County law, when the septic system of a District water customer fails, the customer is required to become a sewer customer of the District. The District, together with two other local water agencies has formed an agency called CO-RE for treating wastewater. Today the District serves over 2100 customers within its boundaries. In addition to conveying wastewater from its customers, it also conveys wastewater from some customers of the City of Oroville through its wastewater conveyance pipelines to the SC-OR wastewater treatment plant. The District's current sewer system consists of about thirty five miles of pipelines.

### **New Subdivisions and Customers**

New subdivisions are required to provide water and sewer pipelines at the developer's cost from the residences to District mains. Prior to acceptance, these pipelines are inspected by District personnel for construction adequacy. In addition to water and sewer usage fees, all new customers are required to pay water and sewer connection fees to help offset the District's capital costs for facilities already in place.

### **Operations and Maintenance**

The District performs all of the necessary O&M with a work force of eleven full time employees. Primary employee activities are meter reading, billing, mapping, meter installation, construction, and water treatment. The only activities performed by outside contractors are Engineering, Auditing, Water Testing, and Legal Services. The District claims that when compared to other similar water districts, its number of employees is much less. The District has purchased and operates a TV inspection camera for in place checking of its water and sewer pipelines.

### **Finances**

At present, the District receives no funding from County, State or Federal agencies. Thus, the District finances all of its operations and maintenance activities and system upgrades from water and sewer revenues. The District has initiated investigation into potentially available County, State and Federal grants. For the FY 2007/2008, District expenses were \$2.7 million compared to revenues of \$2.3 million. The difference is partially due to capital expenses for a new water filtration plant and pipeline repairs and upgrades. Further upgrades are planned. The Grand Jury requested and received a copy of the District's FY2007/2008 Audit. A review of the Audit did not find any discrepancies or concerns.

### Water and Sewer Tariffs

Previously, District water tariffs were based on a philosophy of having the lowest rate in the County. This philosophy resulted in shortages in funds for O&M activities and capital reserves. Thus the District has recently initiated a series of rate increases aimed at getting the water and sewer tariffs closer to actual expenses and to rebuild capital reserves. The rates for the last few years are shown in the Table below:

<b>Fiscal Year</b>	<b>04/05</b>	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>
Water connection cost	16.00	17.60	20.06	22.47	26.00	28.00
Water usage cost per 100 cubic feet	*	0.46	0.52	0.58	0.66	0.71
Sewer cost	13.75	16.00	17.50	18.30	23.30	34.30

\*Data not available

Proposed rate increases are determined after a review and recommendation by the District's engineer (Kennedy /Jenks) and public hearings. Notices of the public hearings were given by mailings to the District's water and sewer customers and by notices in periodicals. For the FY 2008/2009 and 2009/2010 increases, notice of meetings scheduled for May 30 and June 17, 2008 were mailed to each customer and posted in the Chico Enterprise Record and Oroville Mercury News on May 1, 8, and 15, 2008. The public hearings were set during day and evening hours in order to give all members of the public an opportunity to attend and comment. Attendance was light and comments received were minimal.

The Paradise Irrigation District has developed a matrix of water rates for ten water agencies within or near the County. For FY 2007/2008, depending upon the amount of water delivered, the Thermalito Water and Sewer District ranked as the fourth to sixth lowest. The rates are lower than those paid by Oroville customers, immediately across the river (See Appendix A).

### FINDINGS

- F1. The recent water rate increases appear reasonable. Water rates charged are below or close to those charged by similar Water Agencies in the vicinity.
- F2. The District currently reports a three to five percent Unaccounted for Water statistic which is low for this system. However, considering the age of portions of the system, the use of steel pipelines, high static pressures in some areas, transient pressures from the well pumps, and potential ground movements, the situation could change dramatically. At present, the District relies on customers and the public to report leaks. It does not have a leakage detection program. Relying on District customers and the public to report leakage is not sufficient. Water saved would reduce the District's treatment and pumping costs. Water saved could be released from Oroville Reservoir and used to produce power and meet other downstream water uses.
- F3. The District has not developed a Water Conservation Program to encourage conservation or to inform the public of water savings practices. The District's flat water consumption

## RECOMMENDATIONS

- R1. The District should expand its explanation of the need for rate increases in the literature sent to its customers and during public meetings. Specifically, the District should outline its needs and plans for pipeline repairs and upgrades.
- R2. The District should continue to carefully monitor its calculations of “Unaccounted for Water” for any significant changes. To prepare for any significant increases in Unaccounted for Water, the District should develop and have ready for immediate implementation a leakage detection program.
- R3. The District should review the water conservation programs adopted by other California Water Agencies, tailor a program to its situation, and then implement a water conservation program to inform and encourage its customers of the need to conserve water. The District should review and evaluate using a tiered consumption rate to encourage conservation.

## REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Thermalito Water and Sewer District

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

## APPENDIX A

Paradise Irrigation District Water Rate Comparison

APPENDIX A

Paradise Irrigation District Water Rate Comparison

**COMPARATIVE WATER RATES**  
**Cost per MONTH for Various Volumes of Water**  
**Includes Service and Quantity Charges Where They Apply**  
**All Residential 3/4" Meters**  
**Updated 01/09**

Utility	0 Cu. Ft. 0 Gal.	500 Cu. Ft. 3,740 Gal.	1000 Cu. Ft. 7,480 Gal.	1,500 Cu. Ft. 11,220 Gal.	2,000 Cu. Ft. 14,960 Gal.	2,500 Cu. Ft. 18,700 Gal.	3,000 Cu. Ft. 22,440 Gal.	3,500 Cu. Ft. 26,180 Gal.	4,000 Cu. Ft. 29,920 Gal.	4,500 Cu. Ft. 33,660 Gal.	5,000 Cu. Ft. 37,400 Gal.	5,500 Cu. Ft. 41,140 Gal.	6,000 Cu. Ft. 44,880 Gal.	Effective Date
Paradise Irrigation District "A" c <sup>^</sup>	5	20.60	23.95	27.30	30.65	34.00	37.35	40.70	44.05	47.40	50.75	54.10	57.45	Jan-08
Paradise Irrigation District "B" c %	7	27.26	30.61	33.96	37.31	40.66	44.01	47.36	50.71	54.06	57.41	60.76	64.11	Jan-08
Cal. Water Svcs - Chico	3	18.12	22.04	25.95	30.14	34.33	38.52	42.71	46.90	51.09	55.28	59.47	63.66	Nov-08
Cal. Water Svcs - Oroville	9	39.43	47.40	55.33	63.49	71.96	80.42	88.89	97.36	105.83	114.30	122.77	131.24	Nov-08
Del Oro Water Co. Pines Dist.	4	19.76	27.86	35.96	44.06	52.16	60.26	68.36	76.46	84.56	92.66	100.76	108.86	Nov-08
Lime Saddle Com. Svcs.	10	54.33	63.26	71.13	81.12	90.06	98.99	107.92	116.85	125.78	134.71	143.64	152.57	Nov-08
Magalia Co. Water Dist.	8	27.59	39.16	50.75	62.33	73.90	85.48	97.07	108.65	120.24	131.82	143.41	155.00	Jun-08
South Feather Water and Power	2	15.00	18.21	21.40	24.60	27.80	31.00	34.20	37.40	40.60	43.80	47.00	50.20	Jan-09
Stirling Bluffs	1	10.87	14.02	17.17	20.32	23.47	26.62	29.77	32.92	36.07	39.22	42.37	45.52	May-07
Thermalito Irrigation District	6	26.00	29.30	32.60	35.90	39.20	42.50	45.80	49.10	52.40	55.70	59.00	62.30	Jul-07
City of Redding		14.00	18.30	22.60	26.90	31.20	35.50	39.80	44.10	48.40	52.70	57.00	61.30	Jan-08
City of San Francisco <sup>a</sup>		5.70	16.94	29.44	41.94	54.44	66.94	79.44	91.94	104.44	116.94	129.44	141.94	Jul-08
City of Santa Barbara		17.35	37.49	55.89	78.89	101.89	124.89	147.89	170.89	193.89	216.89	239.89	262.89	Jul-08
Marin Water District - Summer <sup>b</sup>		9.98	24.03	38.08	52.13	66.18	80.23	94.28	108.33	122.38	136.43	150.48	164.53	Jul-08

- PID average residential customer uses 2,000 Cu. Ft / Month
- Water prices for PID and neighboring agencies are numbered from 1-10 for each water usage example. 1 being the lowest water rate in that column and 10 being the highest cost for water.
- **Key:**
- <sup>^</sup> "A" Rate indicates annual cumulative usage of 85 Units or less.
- % Households averaging over 7 units per month will be placed on "B" rate the following year.
- <sup>a</sup> Water Rates are Higher if Customer does not submit a Water Department Conservation Affidavit.
- <sup>b</sup> Winter Rates are Higher.
- <sup>c</sup> Does not include \$1.00 Fire Hydrant Maintenance Surcharge.

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**BUTTE COUNTY GRAND JURY REPORT 2008/2009  
DEPARTMENT OF WEIGHTS AND MEASURES**

**SUMMARY**

The 2008/2009 Grand Jury visited the Butte County Department of Weights and Measures with the purpose of reviewing the functions of the Department and understanding its operation.

All fifty eight counties in California have a Weights and Measures Department. The Department is a regulatory agency within the Department of Agriculture performing under the jurisdiction and direction of the California Department of Food and Agriculture, and the Butte County Board of Supervisors. The Department also cooperates with various federal, state, regional, and local agencies.

Pro-actively and reactively, the Butte County Weights and Measures Department has responsibility for inspecting and monitoring almost 9,000 weights and measurement devices annually, including grocery scales, water and gas meters, and gasoline pumps. In addition, the Department licenses repair technicians and sellers of these devices and conducts random checks of marked prices against bar code readers at grocery and other commercial businesses.

Although the Department is well managed by a dedicated staff of three persons, a budget cut by the County would most likely result in a cut in staff. This Department would be unable to perform their required duties if this occurred. For this reason, it is recommended that the Department be exempt from any personnel cuts. It is also recommended that the budget include funds for new digital equipment.

**DISCUSSION**

The primary objective of Weights and Measures is to enforce the concept that “Equity Prevails” in the marketplace. This insures that all facets of commerce are uniform. To achieve this objective, the department enforces the laws and regulations of the Business and Professions Code of California and the California Code of Regulations. This enforcement protects and promotes the economy and commerce of Butte County. Each year, Weights and Measures Officials inspect and test packaged commodities and all commercially used devices.

The types of devices inspected by Weights and Measures Inspectors include:

- |                      |                  |
|----------------------|------------------|
| Electric Meters      | Produce Scales   |
| Wired Cordage Meters | Deli Scales      |
| Propane Meters       | Meat Scales      |
| Fuel Dispensers      | Shipping Scales  |
| Water Meters         | Livestock Scales |
| Gas Meters           | Truck Scales     |
| Coin Changers        | Bar Code Readers |

The total number of weighing and measuring devices inspected in Butte County was 8982 as of July 1, 2008. Transactions derived from the use of such devices are also inspected for accuracy. In addition to inspection activities, Weights and Measures Officials provide education and training to the public as well as the regulated industries.

A quality control program allows inspectors to make unscheduled inspections of all types of packaged goods to insure that the content matches the measurement stated on the label. Weights and Measures is also a service agency. Persons that sell, rent, install, service, or repair commercial weighing and measuring devices are required to be licensed by the Butte County's Office of Weights and Measures.

Licensing of repair technicians assures the integrity of the devices. Weights and Measures Officials review this work to validate accuracy and proper use of devices. Bar code readers are randomly checked at grocery stores and other establishments. Prices shown at registers are checked against shelf prices. Petroleum products are periodically collected and sent to a lab for testing to insure the product meets national standards and is in fact the product advertised. In addition, Weights and Measures Inspectors examine vapor recovery systems at gasoline dispensing facilities.

Because of ongoing changes in technology, the Department is faced with the need to acquire new equipment. An example is gasoline fuel dispensers. Gasoline dispensing businesses are beginning to use digital computerized devices to change prices at the pumps, signs, and registers. The checking of these devices requires inspectors to use digital electronic testing devices. These new checking devices allow inspectors to obtain readings to insure that prices at the pump match those that are indicated on signage at the location, and the price shown on the receipt upon payment by the consumer. At present, Butte County does not have these devices. The current budget cannot provide for the purchase of these pieces of equipment that cost approximately \$28,000.00.

The Department is managed by the Director of the Butte County Agricultural Department and is supervised by the Deputy Director of Weights and Measures. Three permanent employees, in addition to temporary help, perform all the functions within the Department.

The enforcement of regulations is done both pro-actively and re-actively. Required pro-active inspections insure that the appropriate laws are being followed. Re-active enforcement includes monitoring complaints from consumers and violations discovered/ or observed by the inspectors.

The budget for fiscal year 2007/2008 for the Department was \$364,365.00. There is genuine concern over a reduction in county personnel in fiscal year 2008/2009 and subsequent years. The current budget allows only three paid positions. The loss of one employee would cripple the Department and leave it unable to perform required duties. Additionally, due to advances in technology and equipment necessary to accomplish tasks, the current budget will not be sufficient to support the full function of the Department in the future.

## **FINDINGS**

- F1. The Department is well managed by three dedicated, highly trained, and knowledgeable personnel. A cut in the budget would most likely require a cut in staff.
- F2. The Department is operating within its budget. The testing laboratory and equipment are well maintained. However, additional funding is required to purchase devices to check digital computerized gasoline fuel dispensers. The devices currently cost approximately \$28,000.00 each.

## **RECOMMENDATIONS**

- R1. It is strongly recommended that this Department be exempt from any personnel cuts.
- R2. It is strongly recommended that next year's budget include the funds necessary for the purchase of updated equipment.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Weights and Measures Department

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.
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## APPENDIX I

### SUMMARY OF REQUIRED RESPONSES

REPORT	RESPONDENTS
Air Quality Department, Butte County	Butte County Air Quality Management District Butte County Board of Supervisors
Auditor-Controller, Butte County	Butte County Auditor-Controller Butte County Chief Financial Officer Butte County Board of Supervisors
Behavioral Health Department, Butte County	Butte County Behavioral Health Interim Director Butte County Chief Administrative Officer Butte County Board of Supervisors
Butte County Jail	Butte County Sheriff Butte County Board of Supervisors
Butte County Juvenile Hall	Butte County Juvenile Hall Butte County Department of Probation Butte County Board of Supervisors
Cemetery Districts	Gridley-Biggs Cemetery District Oroville Cemetery District Paradise Cemetery District
Clerk Recorder/ Elections, Butte County	Butte County Clerk Recorder Butte County Board of Supervisors
General Plan 2030/Fire and Safety	Butte County Department of Development Services Butte County Association of Governments Butte County Department of Public Works Butte County Office of Emergency Services Paradise Fire Department Butte County Board of Supervisors
General Reserve, Butte County	Butte County Chief Financial Officer Butte County Chief Administrative Officer Butte County Board of Supervisors
General Services/Contracts Division, Butte County	Butte County Department of General Services Director Butte County Board of Supervisors
Health Benefits/Butte County Retirees	Butte County Human Resource Department Butte County Board of Supervisors
Thermalito Water and Sewer District	Thermalito Water and Sewer District
Weights and Measures Department, Butte County	Butte County Weights and Measures Department Butte County Board of Supervisors

## **APPENDIX II**

### **Comments Regarding Responses to the 2008-2009 Grand Jury Final Report**

Effective January 1, 1997, state law requires that all agencies and public officers promptly submit responses to Grand Jury final reports, and to address every finding and recommendation pertaining to that agency or officer. (Penal Code 933.05)

The 2008-2009 Grand Jury received all the responses requested in the 2007-2008 Grand Jury Final Report. The 2008-2009 Grand Jury evaluated those responses and determined that most met the basic requirements for responding to the findings and recommendations. In determining the adequacy of the responses, the 2008-2009 Grand Jury considered the following questions:

- Did the agency's response address the subject of the findings?
- Did the agency attempt to avoid the issue, or issues, raised by criticizing the Grand Jury or by offering excuses?
- Did the agency's response indicate that it would take the necessary action to correct the problem?
- Did the agency provide a specific date by which it would take the necessary corrective action?
- Does the Response Committee find reason to request clarification of response, or responses, or reason to refer to the appropriate committee for follow-up or investigation.

The responses to the findings and recommendations of the 2007-2008 Grand Jury Final Report are available for public review online at the Butte County Website. (<http://www.buttecounty.net>) Grand Jury link.

The 2008-2009 wishes to thank those who responded to last year's Final Report and recognizes their contribution to the community and to the Grand Jury process. The time and effort taken to review the 2007-2008 Grand Jury Final Report and to prepare and submit responses to the presiding judge are greatly appreciated.